

Media and Games Invest signs transforming acquisition of Smaato, a leading digital advertising platform, adding on a pro forma FY 2020 basis 51% revenues and 140% EBITDA to its Verve Group

Tuesday, 13 July, 2021 - Disclosure of inside information according to Article 17 of the Regulation (EU) No 596/2014 (MAR)

- **Smaato Guidance for FY 2021 has a revenue of EUR 39 million with an expected adj. EBITDA of EUR 13 million, which represents an adj. EBITDA margin of 33%**
- **The acquisition of Smaato's programmatic SaaS platform is transformative for MGI's Verve Group adding substantial revenues and EBITDA**
- **Smaato is valued at an Enterprise Value (EV) of EUR 140 million**
- **EV/EBITDA multiple of 10.7x based on 2021 forecast, and 6.8x based on expected results in 2022**
- **The acquisition will be fully paid in cash**

July 13, 2021 - Media and Games Invest SE ("MGI" or the "Company", ISIN: MT0000580101; ticker M8G; Nasdaq First North Premier Growth Market and Scale Segment Frankfurt Stock Exchange) has successfully entered into an agreement with the current shareholder of Smaato, Shanghai Qiugu Investment Partnership (Limited Partnership) ("SQI"), to acquire 99.9 percent (which corresponds to all shares of Smaato except for one share) of the shares of Smaato's holding company "Shanghai Yi Qiu Business Management Co., Ltd." (the "Transaction"), following MGI's earlier announcement of its intention to acquire Smaato on June 21, 2021. A call option regarding the remaining 1 share is also agreed and can be executed by MGI earliest from March 31, 2022, and beyond.

Smaato, based in San Francisco and Hamburg, operates a leading mobile first digital Advertising Technology Platform. Smaato offers its services to publishers on a software-as-a-service ('SaaS') basis. With expected revenues of EUR 39 million in 2021, which represents app. 20% organic growth versus 2020, and an expected adj. EBITDA¹ of EUR 13 million in 2021 (a 33% EBITDA margin), the company is showing a very positive development. Via its platform Smaato reaches over 1.3 billion unique users worldwide every month which will substantially increase the reach of MGI's media segment Verve Group.

The parties have agreed to an Enterprise Value of EUR 140 million. Based on the guidance for 2021, this corresponds to an EV/EBITDA multiple² of 10.7x, based on the guidance for 2022 it would be a multiple of 6.8x. The purchase price will be paid entirely from existing cash resources. The transaction is expected to close within the next two months, providing any regulatory approvals have been obtained.

-End of ad-hoc-

Explanatory section

MGI is pursuing a buy and build strategy within the two fast growing synergetic segments media and games. Within the media segment, under the Verve Group brand, representing 47% of MGI's total revenues in Q1 2021, MGI is building a global transparent vertical omnichannel programmatic SaaS platform covering the entire value chain in the media sector between advertiser and publisher. The media offering is highly synergetic to MGI's games activities which are grouped under gamigo. In addition to organic extensions and growth, MGI is pursuing a clear tick-the-box M&A strategy adding specific competences as well as scale. With well over 10 synergetic acquisitions in the media segment since 2016 MGI has already established a strong, fast and profitably growing position in this segment.

The acquisition of Smaato adds a powerful mobile first Supply Side Platform to Verve Group's full-stack suite. The acquisition of Smaato increases the critical mass of MGI's media segment Verve Group substantially by adding further advertisers (demand) and publishers (supply) to its platform. Smaato and Verve Group are highly synergetic, which is expected to lead to cost and efficiency synergies as well as substantial synergies on the revenue side. Moreover, MGI looks forward to exploring options for strategic cooperation with QS Fund, current general partner of SQI and a boutique asset management firm in China, on partnership and investment opportunities to extend the market position of MGI and Smaato in Asia.

TRANSACTION OVERVIEW

MGI Group Pro Forma Financials Full Year 2020 (audited³)

mEUR	MGI Group (IFRS)	Smaato (IFRS)	Combined Pro Forma ⁴
Revenue	140	33	173
adj. EBITDA ⁵	29	8	37
adj. EBITDA Margin	21%	25%	22%

Media Segment "Verve Group" Pro Forma Financials Full Year 2020 (audited³)

mEUR	Media segment Verve Group (IFRS)	Smaato (IFRS)	Combined Pro Forma ⁴
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Revenue	65	33	98
adj. EBITDA ⁵	6	8	14
adj. EBITDA Margin	9%	25%	15%

- The Transaction is in line with MGI's defined strategy in the media segment, of seeking highly value-accretive acquisitions which increase its long-term profitability. Smaato's publisher-focused platform (Supply Side Platform "SSP") will strengthen Verve's omnichannel vertical SaaS platform on the publisher side.
- In addition, MGI expects strong geographic synergies. While Smaato and Verve are both strong in North America and Europe, Smaato will add substantial assets and revenues in the fast-growing Asian digital media market, which will be further supported by the partnership with QS Fund.
- FY 2021 revenue guidance for Smaato are expected revenues of EUR 39 million and an expected adjusted EBITDA of EUR 13 million, which represents a 33 percent adjusted EBITDA margin.
- MGI's combined group adj. EBITDA grows on a pro forma FY 2020 basis from EUR 29 million to EUR 37 million following the Transaction, the media segments adj. EBITDA grows on a pro forma FY 2020 basis from EUR 6 million to EUR 14 million while the EBITDA margin of the media segment increases from 9% to 15%.
- Given the strong base of currently 1.3 billion unique monthly users worldwide, as well as the envisaged strong synergies, we expect stable and further increasing cash flows by adding further advertisers and publishers to our media platform. During the course of post-acquisition integration further cost and revenue synergies may be realized.
- The Enterprise Value (EV) of EUR 140 million for Smaato represents an EV/EBITDA multiple of 10.7x based on the EBITDA-Guidance for FY 2021. Based on growth expectations for 2022, which includes realization of substantial synergies with Verve Group, the EV/EBITDA multiple is expected to be at 6.8x. The Transaction is immediately value-accretive for the MGI shareholders based on this multiple combined with an expected increase of Earnings per share (EPS).
- Post-transaction, net leverage⁶ of MGI will be within the net leverage target ratio of 2-3x adj. EBITDA.
- The purchase price will be fully paid in cash at closing. 10 % of the purchase price will be deposited in an escrow account.

Smaato's Digital Advertising Technology Platform is a cloud-based ad server and monetization solution, all in one, for publishers. Publishers are benefiting from the Smaato platform which allows publishers to create custom-tailored user experience and generate better revenue with ads in apps. Founded in

2005, Smaato is headquartered in San Francisco, California, with additional offices in Hamburg, New York, Shanghai, Pune, Hyderabad, Beijing and Singapore and has app. 150 employees.

Shanghai Qiugu Investment Partnership (Limited Partnership) and its general partner Shenzhen QS Funds Management Co., Ltd. acquired Smaato from its founders and early investors in 2016. Since then, Smaato has invested in further building and optimizing its platform, and organically growing the company. Managed by the general partner Shenzhen QS Funds Management Co., Ltd. ("QS Fund"), SQI and its affiliates focus on investment in the digital marketing industry. Founded in 2014, QS Fund is an innovative private equity fund manager. Its core members have rich experience in capital markets and are committed to the acquisition and integration of high-quality assets worldwide. QS Fund has accumulated a wealth of customer resources in digital media and has established strong collaborative relationships with the relevant market leaders in China. QS Fund also manages investment funds for Chinese insurance companies.

Remco Westermann, CEO Media and Games Invest SE

"This transaction is another important acquisition for MGI and our fourth acquisition this year. After we already doubled revenues (+94%) of MGI's media segment Verve in Q1 2021, Smaato will now on top of this on a FY 2020 pro forma basis add 51% revenues and 140% EBITDA compared to stand-alone numbers of Verve in FY 2020. We expect that this transaction will transform Verve to becoming one of the leading ad-tech players in the open internet worldwide. The envisaged cost and revenue synergies between Smaato and Verve Group, as well as technical innovations and further invest in growth are to ensure the continuance of further strong growth of our media segment. This acquisition is also adding critical mass to our platform by adding a substantial number of strong publishers. It is a transformative transaction for MGI's Verve Group with targeted stable and long-term EBITDA contributions."

Notes

Note 1) Smaato adjusted EBITDA: EBITDA adjusted for one-time legal and advisory cost

Note 2) EV/EBITDA multiple: Enterprise value of EUR 140m divided by Smaato's expected adjusted EBITDA for the relevant period

Note 3) *Based on audited IFRS statements of Smaato and MGI; please note pro forma statements have not been audited. The numbers added up shall not constitute, and shall not be deemed to be, a guarantee of future developments of the business or combined financials. Hence, the actual future financial figures of the combined businesses may significantly deviate from the combined numbers shown in the table above (i.e., in particular regarding EBITDA and EBITDA margin)*

Note 4) Numbers may not add up due to rounding

Note 5) Adjusted EBITDA MGI Group and Verve Group as defined in MGI's Year End Report 2020

Note 6) Net leverage ratio MGI Group as defined in MGI's Year End Report 2020

CONFERENCE CALL FOR INVESTORS, ANALYSTS AND THE MEDIA

Event date

Wednesday, July 14, 2021, 2pm CEST

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Responsible parties

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About Media and Games Invest SE

Media and Games Invest SE is a digital integrated games and media company with main operational presence in Europe and North America. The company combines organic growth with value-generating synergetic acquisitions, demonstrating continuous strong, profitable growth with a revenue CAGR of 76% since 2018. Next to strong organic growth, the MGI Group has successfully acquired more than 30 companies and assets in the past 6 years. The acquired assets and companies are integrated and amongst others cloud technology is actively used to achieve efficiency gains and competitive advantages. The Company's shares are listed on Nasdaq First North Premier Growth Market in Stockholm and in the Scale segment of the Frankfurt Stock Exchange. The Company has a secured bond that is listed on Nasdaq Stockholm and on the Frankfurt Stock Exchange Open Market as well as an unsecured bond listed on the Frankfurt Stock Exchange Open Market.

The Company's certified advisor on Nasdaq First North Premier Growth Market is FNCA Sweden AB; info@fnca.se, +46-8-528 00 399.

Forward-looking statements

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