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24/03/2022 - Management interview with Media and Games Invest SE

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**Catalogue of possible conflicts of interest on page 6*

"We want to become one of the world's top five advertising software platforms."

Media and Games Invest SE (MGI) is a profitable and fast-growing company active in the digital games and advertising markets. The company's core business is an advertising software platform that enables advertisers and publishers to efficiently acquire customers for their products and to achieve the best possible monetization of advertising space in their content. In addition to organic growth, strategic acquisitions of companies and their consistent integration into the Group form an important cornerstone in MGI's growth strategy. In 2021, the company grew by over 70% for the third year in a row. This includes revenues of € 252 million, with a strong EBITDA margin of 28% and organic revenue growth of 38%. Net profit has increased by approximately 117% to € 16 million.

Against this background, we took the opportunity to interview Paul Echt, Chief Financial Officer (CFO) of the MGI Group, about the company's development to date, its strategy and its prospects.

GBC AG: A few weeks ago, MGI published its financial results for the past fourth quarter and for the full year 2021. Based on this, the company was able to successfully continue its dynamic growth course at quarterly and full-year level. What is your conclusion for the past financial year and what can investors expect from MGI in the current financial year?

Paul Echt: 2021 was indeed a very successful year for us. In addition to five M&A transactions - with an aggregate purchase price of over 260 million euros - we also continued to strongly expand our organic revenue growth with 38%. Here we saw how the network effects of our advertising software in connection with our own games, which we combine in the so-called "MGI Flywheel", continued to gain momentum. We expect further network effects from the combination of both areas in the current year. In numbers, this means mainly organic driven revenue growth of around 15-23%, which is reflected in our 2022 guidance. Parallel to further organic growth, we want to make further strategic acquisitions. The investment focus here is on mobile games in the games sector and on demand side platforms in the media sector, which further optimizes customer acquisition for mobile games. It is also important to note that M&A transactions are not included in the 2022 guidance and represent additional upside.

GBC AG: You mentioned the Flywheel, what can one imagine by this and what positive effects and advantages result from this for the MGI Group?

Paul Echt: The MGI business model is based on the flywheel. This is driven by network effects between advertising technologies and owned games, and further accelerated by M&A and innovation. In summary, a stronger proprietary games portfolio - with a broad user base, proprietary advertising space and associated first-party data - will lead to more advertisers using the MGI platform for user acquisition, as it can reach a broad audience based on first-party data in a highly targeted way, increasing the ROI of advertising campaigns. This, in turn, attracts more external publishers who also have their own content (such as game apps), ad space and first-party data and want to monetize it through our ad software platform. The increasing demand from advertisers for targeted user acquisition on our platform thereby leads to a higher price per ad space, so that publishers can achieve a higher revenue per ad space on our platform and are therefore happy to work with us.

The resulting scale of our ad software platform leads to even more efficient user acquisition for our own games, which in turn increases the user base and first-party data of our own games portfolio. M&A plays a very important role here. This is because M&A as well as new product innovation can further accelerate the flywheel. For example, if we buy a mobile games company, it increases the number of users and access to first-party data, which in turn attracts more advertisers, which in turn attracts more publishers. Also, by developing new innovative products, as we did for example in the case of ATOM or Moments.AI, we have the chance to attract additional advertisers and publishers.

GBC AG: The model makes sense and seems to offer some significant advantages. Why don't other companies do the same?

Paul Echt: We are currently seeing more and more companies focusing on this strategy. With AppLovin and IronSource, there are two companies that went public in the US last year and are following a similar model. Zynga and Skillz, two gaming companies, also started buying ad software companies last year. And as many have noticed, Microsoft recently bought Activision Blizzard. What not many people know, however, is that shortly before they also bought Xandr, also a programmatic advertising platform, from which one can conclude that Microsoft also wants to exploit the possibilities of this model for itself.

But the most important thing is that it sounds easier than it is. This model cannot be built up within one to two years. In principle, we already started in 2012, back then as a pure games company. Here, we have learned to live and love the craft and art of a games publisher over many years. Back in 2016, we took our first steps into the media sector to optimize user acquisition for our own games. From then on, we studied both sides and learned how synergistic they are and how to combine them. Then, from 2019 onwards, we put a strong focus on programmatic advertising and increasingly linked this area to our games. Through this development, which took many years, in which we tried out a lot and in which some projects also failed at times, a strong symbiosis of media and games has emerged. So, it's not something you can build overnight.

GBC AG: In the past year 2021, there were IDFA (Identifier for Advertisers) changes within your industry, which also affected both of MGI's business areas. How did these IDFA-based disruptive market changes affect your company? Was your group even able to benefit from the changes in regulation?

Paul Echt: To start with, yes, we were able to benefit substantially from the changes in the market. That Apple was planning these changes had been known several years in advance, even if many market participants didn't really believe that Apple would actually implement them. Google, by the way, has announced similar changes for Android as well. Accordingly, we had already thought about how to react to these market changes years ago. And a very important sub-component for a world without "Identifier for Advertisers" was a direct connection to publishers who own advertising space and customer

data. The latter are extremely valuable in a world without IDFA. Because through a direct technical integration into the apps of publishers, we receive just as much customer data as from our own games and can pass on this data anonymously to the advertisers on our platform. This allows them to target their marketing campaigns even in a world without cookies and IDFA. Accordingly, the focus in recent years has been on establishing as many direct connections to publishers as possible via M&A. More than 5,000 publishers are now connected to our advertising platform, giving us access to around 1.7 billion end devices and even more customer data.

In parallel to the direct integration in Publisher, we started early to develop solutions like ATOM. ATOM itself is a technical solution that enables targeting of users based on anonymized behavioral and contextual data, without using IDFA and without pulling data from the user's mobile phone. In parallel, we have started to develop technical solutions in the area of AI-driven contextual advertising. In general, we have the ambition to offer services that are privacy by design and fully compliant with data-protection and convince through high transparency. Our success is also reflected in the fact that our mobile products and traffic quality are regularly ranked first by Pivalate.

Accordingly, this approach is paying off and we see ourselves in a good position to benefit from further market changes from Apple and Google as well as further tightening in the area of data protection.

GBC AG: You just mentioned AI-driven contextual advertising. Here you recently launched Moments.AI™, the first real-time contextual targeting solution. How does Moments.AI™ work and what advantages does the solution offer MGI?

Paul Echt: Moments.AI™ is based on parts of the software code from Beemray that we acquired in an acquisition in 2021 and which we have now integrated into MGI's advertising software platform. This is a good example of our "Buy. Integrate. Build & Improve." strategy.

Moments.AI™ is one of the first data management platform that can deliver high-quality, real-time contextual data to its customers for targeting without the need for identifiers or cookies. With Moments.AI™, brands can access contextual segments created in milliseconds based on visual content analysis and keywords.

Contextual targeting has been around for a long time but, in the past, the problem was that the quality of the data was not good enough to effectively reach its target audience. We can now offer our clients an effective solution with Moments.AI™ and expect it to contribute to our organic growth and further accelerate our flywheel also because of the changes in the industry due to the elimination of identifiers and cookies.

GBC AG: At the beginning of February, MGI announced the relocation of its headquarters to Sweden and the strengthening of its current corporate governance structures. What were the reasons for this strategic move and what are the potential benefits?

Paul Echt: Malta does not have a good image. It is listed on the grey list of the Financial Action Task Force (FATF), which, among other things, sets standards to combat money laundering and monitors compliance with them. This has a negative impact on us for two reasons. First, there are groups of investors who are not allowed to invest in Maltese companies, even if they define the company itself as an investment case. Secondly, investors associate an increased risk with Malta, which increases the risk premium of our shares.

For this reason, and because we are not operationally tied to Malta, we have decided to move our headquarters. By moving to Sweden, we are also reducing administrative

complexity. Whereas, from a capital market perspective, we are currently active in three jurisdictions, after the move, there will only be two. All in all, we expect the successful relocation to have a very positive impact on our company and our operating business in the medium and long term and, therefore, hope that our shareholders will follow this proposal accordingly.

MGI has grown at an average rate of 77% over the last three years. To accommodate the strong growth in organizational terms, we have decided to optimize our governance processes in the coming months. We are doing this not only to manage the growth we have experienced so far, but also to lay the groundwork to be able to manage and promote further growth. Among other things, we plan to introduce various committees, such as a nomination committee, an audit committee and a remuneration committee. This will bring us even closer to the Swedish and also the internationally recognized standard for large companies. In addition, we are currently working together with KPMG to optimize our internal control system, which will fundamentally enable MGI to meet increasing regulatory requirements with high growth in the future.

Last year we also published our sustainability report for the first time. Here, too, you can see that we are striving to become even more transparent and thus to make the exchange with our shareholders even more efficient.

GBC AG: Where do you see MGI in the next three to five years, especially in terms of business volume, business regions and service offer? What is your overall vision for your company?

Paul Echt: We have a clear idea of where we want to be in 2025 and have also defined this in our Vision 2025. We want to be one of the world's most desired employers to work for, characterized by diversity and creating a working atmosphere that is non-political, professional, dynamic and innovative. We want to become one of the world's top five advertising software platforms by convincing people with transparent and innovative open source products that we offer across all formats. In doing so, we rely on respectful and transparent dealings with all our partners. Last but not least, we see the opportunity to build a white-label SaaS advertising software platform that publishers can use to monetize advertising space and advertisers can use to acquire users on a fully self-serve basis.

GBC: Thank you very much for the interview.

APPENDIX

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