



EKF Presentation

November 2020

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I. Transaction overview

II. Business overview

III. Division synergies

IV. Strategy

V. Financial performance



Today's presenters and ownership structure

Shares listed on Frankfurt Stock Exchange and Nasdaq First North Premier Stockholm

Remco Westermann

CEO & Chairman of the Board since 2012

- Manager, entrepreneur and investors with more than 25 years of experience from various leadership positions
- Founding, reorganising and growing various companies in the new technologies and media sector
- Remco holds a MSc in Business Economics, Erasmus University, Rotterdam
- **Holdings in MGI:** 43,179,501 shares



Paul Echt

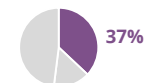
CFO since 2018

- Finance manager with more than 10 years of experience from the tech and finance industry
- Previously positions at UniCredit Bank in Berlin, Munich and New York as well as Shopgate Inc. in San Francisco
- Paul holds a MSc in Business Management and Bachelor of Laws from University of Applied Sciences, Wildau
- **Holdings in MGI:** 500,000 phantom stock



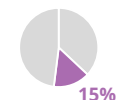
Shareholders

Remco Westermann



Remco Westermann holds his MGI shares via the German holding company Bodhivas GmbH. Bodhivas GmbH is based in Düsseldorf where Remco Westermann resides and holds the shares of Remco Westermann as well as voting rights of early gamigo Investors. Remco Westermann indirectly holds more than 50% of the voting rights of Media and Games Invest plc.

Early investors



The Early Investors are long-term investors who have been largely invested into gamigo AG since Remco Westermann acquired the company from Axel Springer in 2012. In Q1 2020, these investors exchanged their gamigo shares into MGI shares with an agreement on a 25-month lock-up.

Free float shares



The Free float shares comprises retail and institutional investors who bought the shares in the secondary market, as well as institutional investors from the 8m share capital increase in July 2019 and the EUR 29m share issue carried out in September 2020 in conjunction with the First North Stockholm dual listing.

Dual Listing on Nasdaq First North Premier

Experienced Nordic gaming investors combined with a strong gaming cluster at Nasdaq Stockholm

Listing on NASDAQ First North Premier

- Completed SEK 300 million (€29m) capital increase with Pareto Securities AB
- Tier-1 Gaming Investors like UBS, Atlant, Finlandia, Acervo, Knutsson, SEB, Taaleri
- First day of trading on 6 October 2020
- Applying the Swedish Corporate Governance Code
- Quarterly Reporting in IFRS



Nordic peers with strong valuations



MGI vs Stillfront based on Pareto 2021 estimates

	2021	2021	2021	2021
Pareto estimates	Sales	EBITDA	EBIT	Op EBIT
Media and Games Invest	1.4x	6.0x	11.6x	9.3x
Stillfront Group*	8.7x	14.0x	19.3x	15.6x
Discount	-84.4%	-57.3%	-40.0%	-40.1%

Bond Issue of EUR 80 million

Sole Bookrunner Pareto Securities AB

Transaction overview

Use of proceeds:

- MGI issued EUR 80m in senior secured bonds (the “**Bonds**” or the “**Bond Issue**”) with a total frame of EUR 120m for the purpose of:
 - Refinance the existing gamigo AG bond of EUR 50m; and
 - Finance general corporate purposes, including debt repayments, investments, capital expenditures and acquisitions

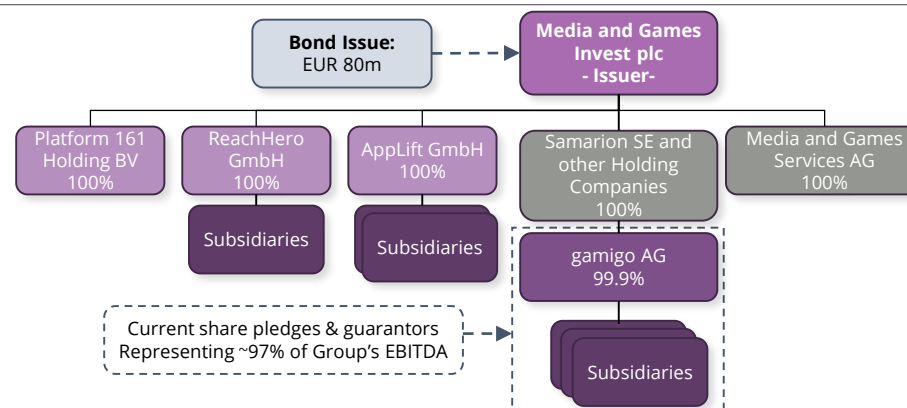
Transaction rationale:

- MGI reduces its majority of interest rate from 7.75% to 5.75% p.a.
- Further capital to invest in organic and M&A growth of the company
- Simplified and more cost efficient reporting structure on MGI plc level

Terms and Conditions:

- The Bonds will be secured by a comprehensive security package consisting of share pledges over the Group’s main subsidiaries representing +80% of EBITDA
- Maintenance covenant at 4.50x over the tenor of the bond
- Post-bond, the Group to be levered 1.9x on adjusted EBITDA of EUR 24.8m
- Post bond net LTV of 22%, based on current market cap of EUR 169m³

Simplified transaction structure



Indicative sources and uses

Sources	EURm	Uses	EURm
Senior secured bond	80.0	Refinance existing gamigo bond	50.0
Opening cash ²	37.9	Call premium	1.9
		Closing cash and GCP	66.0
Total	117.9	Total	117.9

Overview of interest bearing debt in the Group post bond	EURm
Senior Secured Bond	80.0
Senior Unsecured Bond in MGI	24.6
Bank, credit or other facilities (subject to annual clean-down)	8.7
Gross interest bearing debt	113.3
Closing cash	66.0
Net interest bearing debt	47.3

	LTM Q3'20	2020B
Gross debt / adj. EBITDA	4.6x	4.4x
Net debt / adj. EBITDA	1.9x	1.8x
Net LTV ³	22%	

Note: (1) Security Trigger means the date when the Existing Unsecured MGI Bonds have been redeemed in full, (2) Opening cash as per 30 Sep 2020 of EUR 10.9 plus net proceeds from the Group's equity raise closed on 6 Oct 2020. (3) Based on a market cap of EUR 169m as of 4 November 2020

Summary of main terms – Senior Secured Bonds

Issuer	Media and Games Invest plc
Volume	<ul style="list-style-type: none"> Up to EUR [80,000,000] Subsequent issues subject to Incurrence Test being met
Tenor	4 years
Coupon	3 month EURIBOR + [●] bps p.a., payable quarterly in arrears. EURIBOR floor at 0%.
Use of proceeds	(i) Refinance existing gamigo Bonds (including accrued but unpaid interest and any prepayment premium) and (ii) finance general corporate purposes, including debt repayments, investments, capital expenditures and acquisitions
Status	Senior secured
Guarantors	<ul style="list-style-type: none"> gamigo AG, gamigo Publishing GmbH, Aeria Games GmbH, Gamigo US Inc., gamigo Inc. and Verve Group Inc from the First Issue Date The Guarantor Cover Threshold is attained if the aggregate EBITDA of the Guarantors in aggregate represent at least 80% consolidated EBITDA of the Group
Security	<ul style="list-style-type: none"> Pledge over the Group's shares in gamigo AG, gamigo Publishing GmbH, Aeria Games GmbH, Gamigo US Inc., gamigo Inc., and Verve Group Inc. on the First Issue Date; Pledge over the shares in any additional Group Company which becomes a Guarantor after the First Issue Date as Pledge over current and future Material Intercompany Loans made by the Guarantors, and upon the occurrence of the Security Trigger¹, security over current and future Material Intercompany Loans made by the Issuer; and Pledge over the Escrow Account
Call structure	<ul style="list-style-type: none"> Callable at a premium of 100% + 50.0/37.5/25.0/12.5% of the margin after 24/30/36/42 months, respectively Upon redemption prior to the First Call Date (24 months), the redemption premium will comprise 50% of the coupon + the sum of all remaining interest payments up to the First Call Date
Negative pledge	Negative pledge with carve-outs for, <i>inter alia</i> , bank or credit facilities, subject to annual clean-down, in an aggregate amount of up to 12.5% of the aggregate outstanding Nominal Amount of the Bonds and any Parity Debt part of the ICA and a general basket not exceeding EUR 2.0 million
Distributions	<ul style="list-style-type: none"> Up to EUR 0.5m in any financial year relating to new shareholder loans with a maximum interest rate of 15% p.a.² Up to 50.0% of previous year's net profit, aggregated with above, subject to meeting the Distribution Incurrence Test Up to EUR 9.5m during the tenor of the bond under the employee phantom stock incentive programme, subject to meeting the Distribution Incurrence Test, unless paid with new shares
Maintenance Test	The Maintenance Test is met provided the ratio of Net Interest Bearing Debt to EBITDA is less than 4.50x
Incurrence Test	The Incurrence Test is met provided the ratio of Net Interest Bearing Debt to EBITDA is less than 3.50x
Distribution Incurrence Test	The Distribution Incurrence Test is met provided the ratio of Net Interest Bearing Debt to EBITDA is less than 2.50x
Change of control	Investor put at 101.0%
Governing law	Swedish law
Listing	Frankfurt Stock Exchange Open Market in connection with the First Issue Date or no later than 30 days thereafter, Nasdaq First North or Nasdaq Stockholm within 60 days after the First Issue Date and Nasdaq Stockholm within 12 months from the First Issue Date unless achieved before
Sole Bookrunner	Pareto Securities AB

Please refer to the terms sheet for further details. Notes: 1) Security Trigger means the date when Existing Unsecured MGI Bonds have been redeemed in full, 2) Provided that such distribution is not made in relation to Shareholder Loans (A) which existed on the First Issue Date owed to a shareholder of the Group or (B) carrying a cash interest in excess of 15% p.a. of the Shareholder Loan's outstanding principal amount

Investment highlights

<p>Low-risk business model with substantial reach and diversification</p>	<ul style="list-style-type: none"> • No high-risk, capital-intensive development of new games ensuring a business model without “hit-driven” exposure and unexpected costs • Global reach with access to a large user base comprising of +5m monthly active users • Integrated and highly scalable distribution platform with high customer reach guarantees a continuously strong new publishing product pipeline • Long-term revenues stemming from MMO games and media SaaS solutions implying low earnings volatility
<p>Diversified portfolio with high user stickiness and recurring revenues</p>	<ul style="list-style-type: none"> • Well-diversified game portfolio of +25 MMOs and +5,000 casual games with no single hit exposure as the largest game represents less than 15% of total revenues • High customer stickiness and loyalty with significant lifetime as the majority of revenues stem from users who have entered the platform +5 years ago, ensuring high visibility • In-house marketing expertise and assets result in highly attractive payback times for customer acquisitions of some 90-120 days • Recent expansion to digital media segment set to offer further diversification and organic growth through new users for games and advertising spaces in games
<p>Attractive market sentiment with attractive underlying megatrends</p>	<ul style="list-style-type: none"> • The gaming market is the world’s largest entertainment industry with over 2.5bn active players, generating approx. USD 168bn in revenues globally • The global gaming market is fragmented with many market participants dependent on “one-hit-wonders”, which implies ample consolidation opportunities • Gaming- and digital media markets are substantial growth markets, set to grow at a CAGR of 8.8% and 8.9% between 2019-2021, respectively • Digital advertising has bypassed offline advertising in recent years, primarily driven by the programmatic advertising vertical
<p>Asset-light business model with high cash conversion, scalability and solid credit metrics</p>	<ul style="list-style-type: none"> • Asset-light business model implies low maintenance capex needs, which combined with a favourable NWC profile translates into an average operating cash conversion of 88% between 2014 and the LTM Q2’20 • Highly scalable business model owing to the Group’s prudent “buy, integrate, build & improve” strategy, enabling long-term value creation through organic initiatives and an active M&A agenda • Profitable business generating an average adj. EBITDA margin of some 23% in 2018-LTM Q3’20 • Conservatively levered credit with Net Interest-Bearing Debt to EBITDA of 1.9x after the contemplated bond issue of EUR 80m
<p>Listed issuer with a strong capital markets track record and committed management team</p>	<ul style="list-style-type: none"> • Publicly listed Issuer with a market capitalisation of approximately EUR 169m¹, implying a net LTV of 22% following the contemplated bond issue of EUR 80m • Strong capital markets track record, with numerous equity and bond issuances completed over the past years • Committed management team with aligned interests considering Remco Westermann being the Group’s largest shareholder and the Group having incentive programmes for key employees in place

Notes: 1) Market cap as of 4 November 2020

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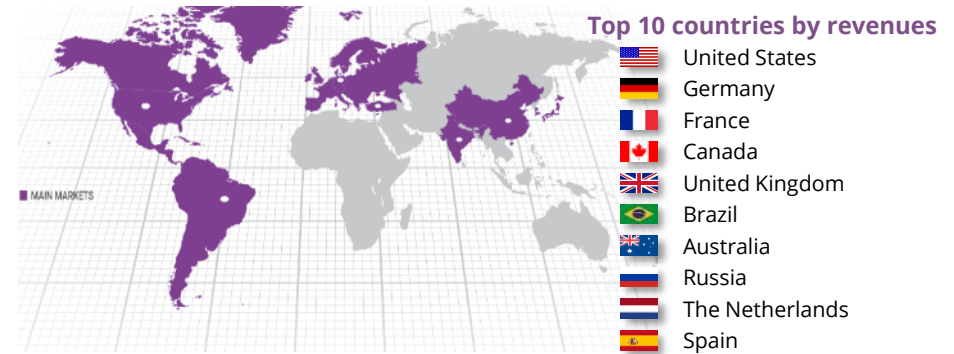
Introduction to Media and Games Invest

A leading European gaming and digital media powerhouse serving customers worldwide

Key facts

- 2018** MGI acquires gamigo
- EUR ~170m** Market cap
- Listed** on Frankfurt Stock Exchange and First North Premier Stockholm
- +650** Employees
- +25 MMOs¹**
+5,000 Casual games
- +5m** Monthly active players
- +5bn** Monthly ads and video views
+750m Subscribers across all channels
- +5,000** Advertisers

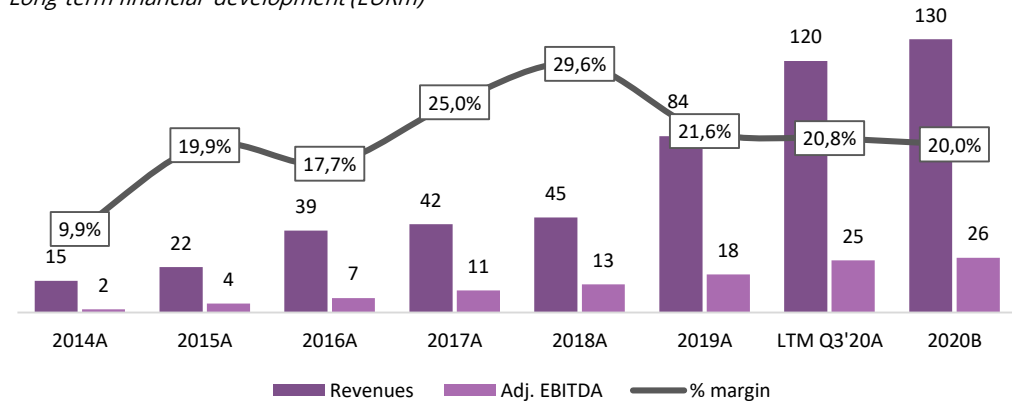
Geographic footprint key financial development



Top 3 countries account for 64% of the gaming revenues

Key financial development

Long-term financial development (EURm)

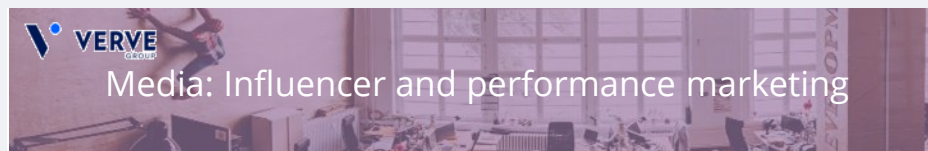
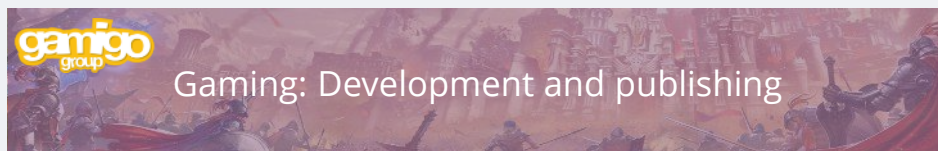


Source: Group information
Notes: 1) Massively Multiplayer Online games

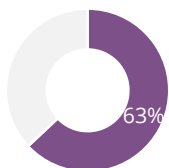
MGI's two divisions

Two profitable segments which combined accelerate user acquisition and organic growth

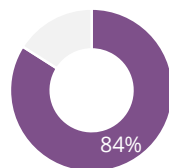
Overview of the Group's segments



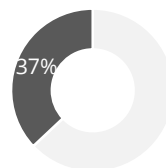
Share of revenues¹



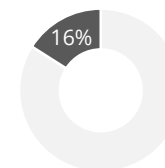
Share of EBITDA¹



Share of revenues¹



Share of EBITDA¹



Revenue steams

- In-game purchases
 - Game subscriptions
 - Advertisement revenues
-

Brands



Revenue steams

- Agency fees
 - SaaS fees
 - Ad commission
-

Brands



Key performance metrics

Daily users	+600k	+5m	Monthly users
Gross margin	+50%	30%	EBITDA margin
Target Group revenue shares	60%-70%	25%-30%	Target EBITDA margin

Key performance metrics

Monthly direct active users	+200m	+5bn	Monthly ads delivered
Gross margin	+30%	8%	EBITDA margin
Target Group revenue share	30%-40%	15%-20%	Target EBITDA margin

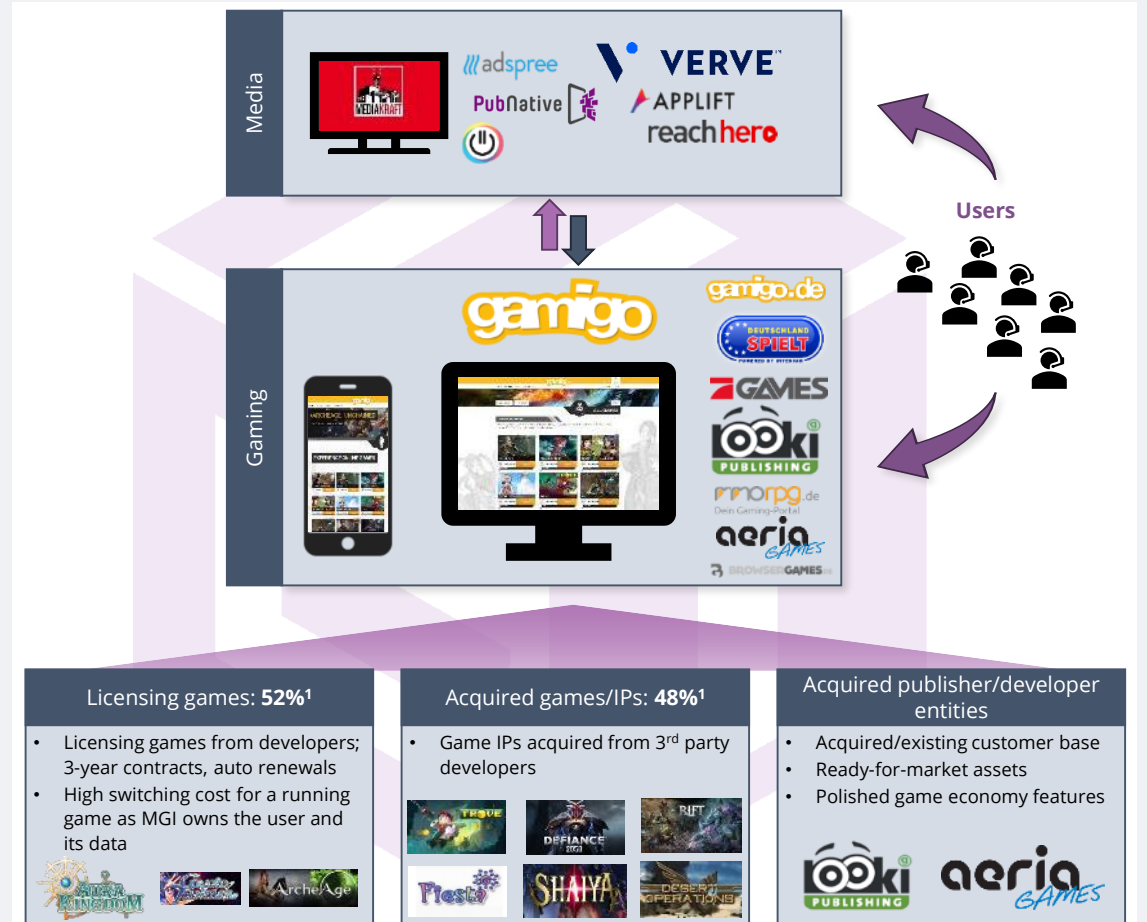
Source: Group information
Notes: 1) Q2 2020 figures

Business model centres around core gaming segment

An attractive mix between gaming and media enables MGI to effectively monetise on its user base

Group description and overview of business model

- Media and Games Invest (“MGI”) is a leading European digital gaming company active within game development and publishing, with a strong supportive media unit
- With roots dating back to 2000, the Group has experienced rapid growth in recent years owing to an active M&A strategy coupled with successful organic growth initiatives
 - More than 30 acquisitions completed in the past 6 years
- Unique distribution position guarantees a pipeline of game launches whilst leveraging the own customer base and media portals
- Products and portals are marketed via a mix of CRM, search engines, social media and viral media, influencers, TV relevant portals and affiliate networks
- The Group operates a low-risk business model with no new game development, instead focusing on maximising ROI
 - Acquisitions of established games are an integral part of MGI’s business model
- After initially operating with a core focus on the gaming segment, MGI recently expanded its business to include a full-stack advertising and technology platform
 - Expansion is set to unlock significant synergies with the gaming segment going forward
- Gaming segment offers free-to-play titles with purchase options in-game
- Revenue supported by in-game advertising, which however still constitute a small part of overall revenues



COVID-19 has positively affected MGI's growth

Increased user activity as an effect of imposed restrictions

Gaming

- The pandemic and its corresponding lockdowns have boosted user engagement within video games
- Online and mobile gaming market is growing as more people stay inside
- People use online gaming to cope with social distancing

New players¹

+43%

MMO revenue growth¹

Up to +50%

Media

- Despite the reduced demand for travel and retail advertisement, the media marketing budgets of gaming and media companies have been increased
- During May, MGI saw revenue in a few verticals, such as SaaS and influencer marketing, increase to pre-COVID levels

MGI is perfectly positioned for strong growth in 2020 with an accelerated M&A pipeline

Source: Group information
Notes: 1) April 2020 compared to average for January and February 2020

Case study: Fiesta during and after COVID lockdown

Significant uptick in active and users and revenues compared with 2019

Fiesta Online: Revenues and active users 2019 vs 2020

- The lockdown imposed throughout the world has had a positive impact of MGI's performance as people found themselves isolated at home with extra spare time
- As a result, MGI saw a strong surge in new players and overall gaming activity from April to July compared to 2019
- Average increase of +50% in cash spenders throughout the period
- Increased spending was generated from the existing user base as well as from new players and spenders
- Even as the world gradually opened up during the summer, MGI posted significantly higher revenues and player activity compared with the same period 2019

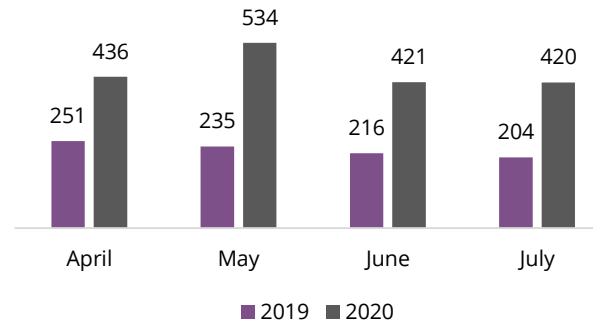
During lock-down in May

- +127% YoY increase in revenue
- +27% YoY increase in player activity
- +141% increase in new players

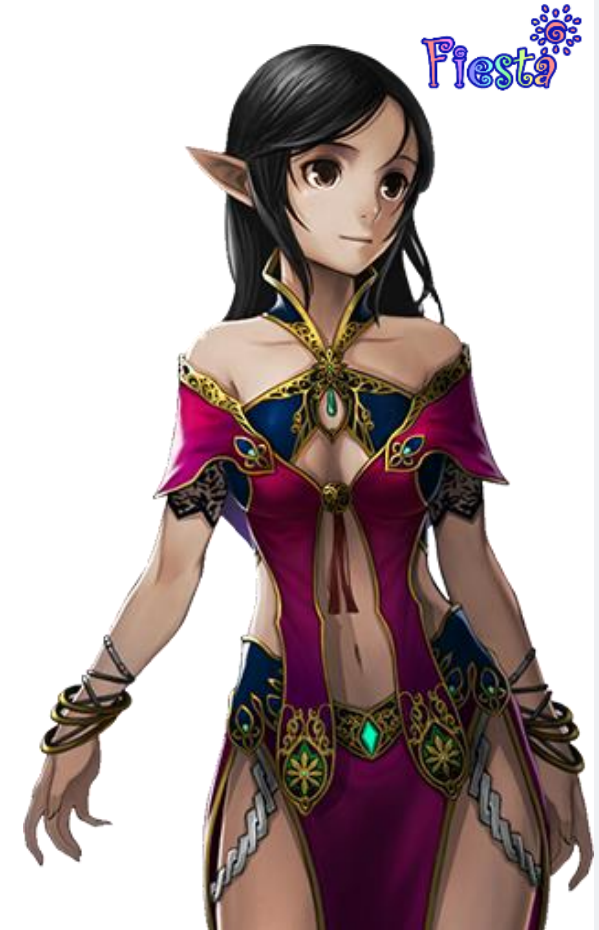
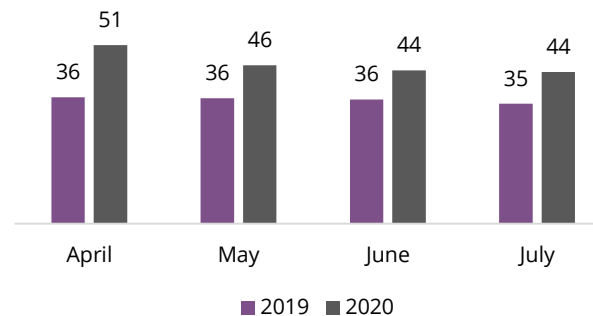
After lock-down in July

- +105% YoY increase in revenue
- +26% YoY increase in player activity
- +50% increase in cash spenders on average since April

Revenues 2019 vs 2020 (EURk)



Player activity 2019 vs 2020



 Division overview: Gaming

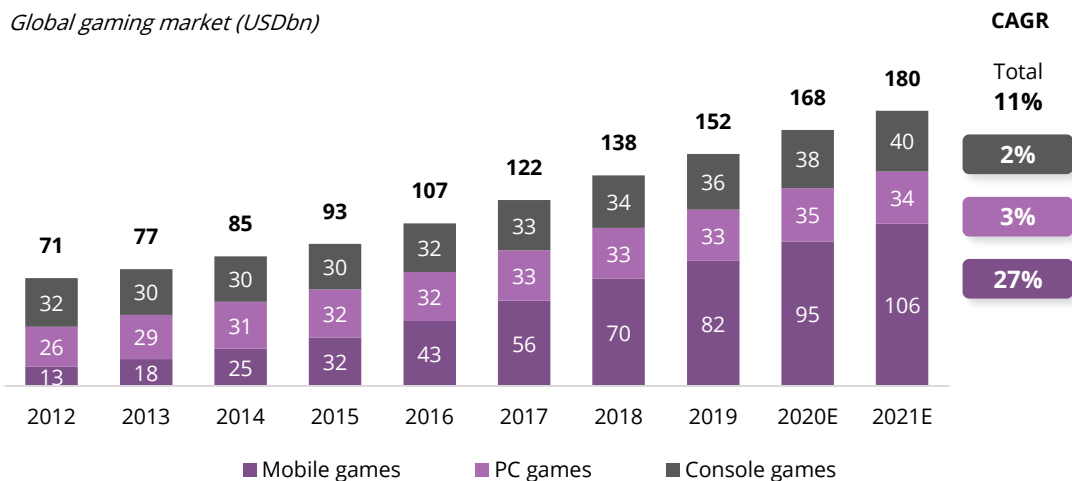


Gaming: a substantial growth market

The largest entertainment market in the world with attractive underlying megatrends

Steady growth in the global gaming market, particularly driven by further expansion of mobile games

Global gaming market (USDbn)



- Due to the strong competitive landscape, the video games market is hit-oriented; many games on the market are discontinued after a short period of time
 - Only a few games have a long lifetime with a documented profitability
- The bulk of revenues within the gaming market is generated by selling in-games items and premium version of games
- With more than 2.5bn players globally, the gaming market has stepped into the spotlight as an important digital entertainment industry
- Market has grown at a CAGR of 13.5% between 2015-19, and is estimated to have grown into USD 180bn by 2021
- Mobile games are set to drive overall market growth, expecting to reach USD 106bn by 2021
 - Implying a CAGR of 27% between 2012-21E
- Certain games have become significant in size, attracting millions of players, hosting world championship events and creating a strong community amongst its players
 - In 2018, League of Legends world championship event attracted 100m viewers, to be compared with Super Bowl's 98m viewers the same year
- Whilst gaming activity has historically been dominated by individuals aged 6-24 years, the age group of 25-34 years has grown significantly in over the recent year
- Share of gamers is in general well-diversified between genders and age groups



Megatrend: more leisure time

- Favoured form of entertainment; interactive, rewarding, social
- Gaming market is larger than the market for books, music and films



Mass market

- Over 2.5 billion players worldwide
- 42% of all Germans are actively playing, of whom 41% are female and 29% over the age of 50



Growth opportunities









- Fragmented global market
- Driven by many "one-hit-wonders"
- High growth and high margins
- Market consolidation with numerous M&A candidates

Source: Group information, Newzoo Global Games Market Report 2020

MGI is attractively positioned in the gaming industry

Hybrid positioning combining attractive characteristics for publishers and developers

Gaming players are typically divided into publishers or developers

Key criteria	Media and Games Invest plc	Publishers	Developers	Commentary
 Own property	✓	✗	✓	MGI serves as publisher whilst owning part of its games, which are developed/improved in-house
 Low development risk	✓	✓	✗	MGI is a pure publisher with no new game development, focusing purely on enhancement of existing games
 Portfolio diversification	✓✓	✓	✗	A well-diversified games portfolio across users and geographies; no single game accounting for more than 15% of revenues
 Capex light	✓	✓✓	✗	Minimal maintenance capex requirements given no pre-invest development risk
 Platform independence	✓	✓	✗	Well-diversified across distribution channels ensures no platform dependency
 Technology edge	✓✓	✓	✗	A well-integrated technology platform with continuous improvements and upgrades
 M&A platform	✓✓	✗	✗	MGI has a proven track record of successful M&As and subsequent integration of acquired targets
 User acquisition	✓✓	✓	✓	MGI provides high customer acquisition capabilities compared to traditional publishers and developers owing to its in-house media- and advertising companies

Based on key sector criteria, MGI possesses all necessary characteristics to act as consolidator in the fragmented gaming market

Source: Group information

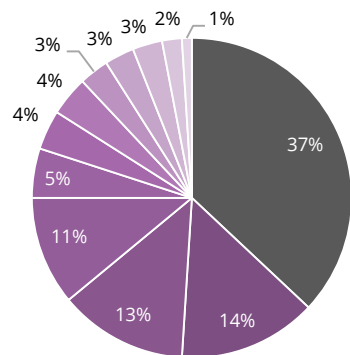
Notes: 1) Two check marks indicate stronger position in the given criteria

Extensive gaming portfolio with ample opportunities

Portfolio of 30 MMO's and 5,000 casual games implies limited dependency and diversified revenue streams

Global gaming brands unified under one umbrella

Well-balanced portfolio⁴



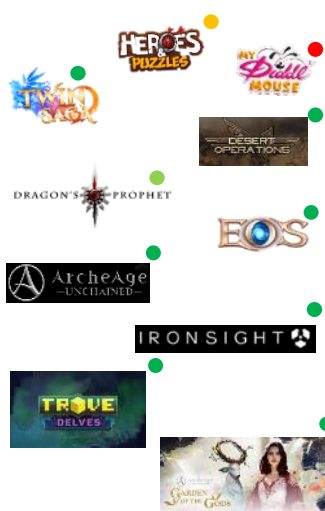
- Media
- Trove*
- Fiesta*
- Desert Operations*
- Rift*
- Shaiya*
- Casual games and other
- Arche Age Unchained
- Aura Kingdom
- Arche Age
- Grand Fantasia
- Defiance*

Well-diversified revenue distribution

No "one-hit-wonders" implies stable revenues

Solid organic pipeline

Realised launches¹:



+8 successful launches including DLCs, with more in the pipeline

Strong M&A pipeline

Acquired:

+30 companies and assets

Pipeline²:

M&A process status	# M&A candidates	Cumulative rev. (EURm)
Shortlist	>65	>900
Contacted	>25	>500
In talks	>10	>200

**2019: 5x M&A events
2020: 3x M&A events**

With more in the pipeline

- Gaming segment (B2C) includes a broad portfolio of online PC, console and mobile games, such as casual games, role-playing and strategy games
 - Most important markets are Europe and North America
- Free-to-play games allow the users to play for free whilst offering the possibility to purchase goods, subject to a charge, within the game
 - Business model requires continuous support of the games in close coordination with the users
 - Free-to-play MMOs³ account for the largest share of revenues
- In addition to in-game events and competitions, new items and expansions are regularly developed and made available
 - Increases the gameplay fun and enables swifter successes
- Continuous development of games creates a loyal user base, with gamers remaining active within the game for several years with regularly monetary investments
- For many of MGI's key games, more than 50% of revenues is generated by users who have been active in the game for more than 5 years
- MMO games typically gather several thousand players in a game or server environment, interacting with each other
- The Group also offers more than 5,000 casual games at its platforms, mostly sold via monthly subscriptions, which allow users to access all games on the respective portal as desired



Clear focus on risk diversification and high growth whilst following GDPR and protecting user data

Source: Group information

Notes: 1) Green = very positive, light green = positive, yellow = neutral, red = negative, 2) Targets overview of 12 months period between Aug'19-Aug'20, 3) MMO abbreviation for Massively Multiplayer Online Games, 4) * = IP/source code owned by gamigo

A loyal customer base with multi-year relationships

Gamers spend EUR 50-80 per month with games having a lifetime of more than 10 years

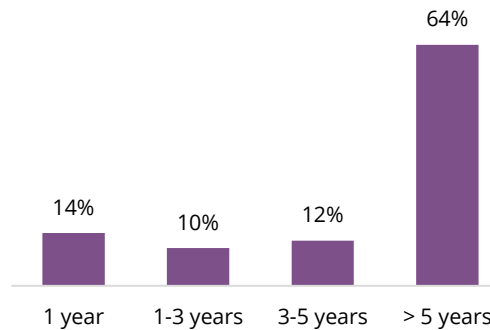
Example: Fiesta Online

A multiplayer role game



- An anime-themed role play, first launched 13 years ago
- Large number of players on the same servers (MMO)
- Community: Playing together is key aspect of the game
- Interactive: go further, become stronger

Recurring revenues¹



- Over 64% of revenues from players who have been active in the same game for over 5 years; suggesting high stickiness
- Free2Play MMO; around 7-10% are converted into paying customers
- Gamers spend some EUR 50-80 per month on different premium features offered in the game

Substantial revenues

EUR +50m revenues

6.8m gamers

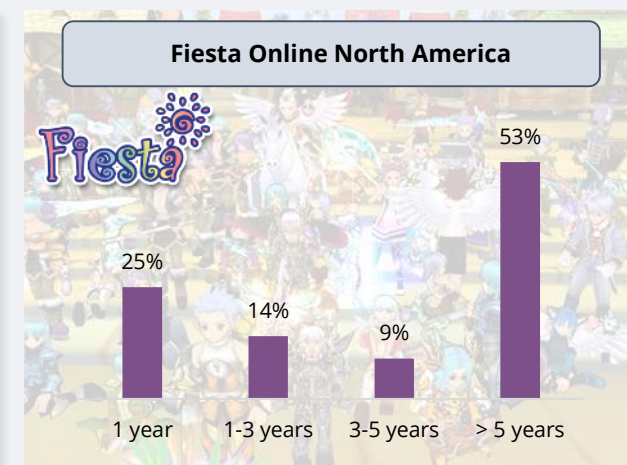
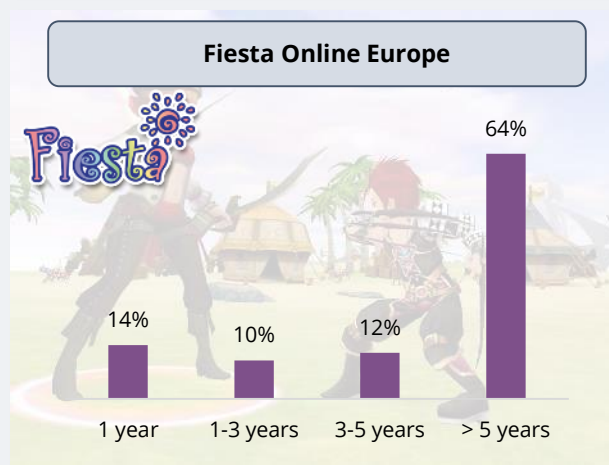
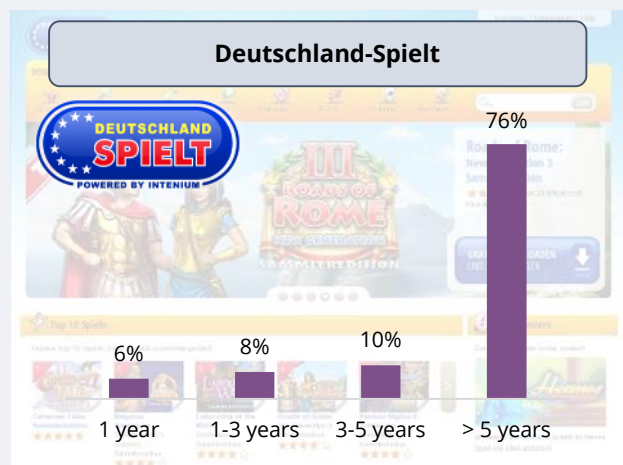
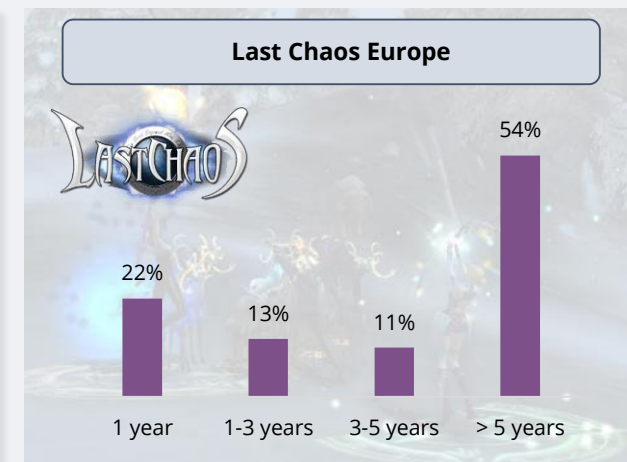
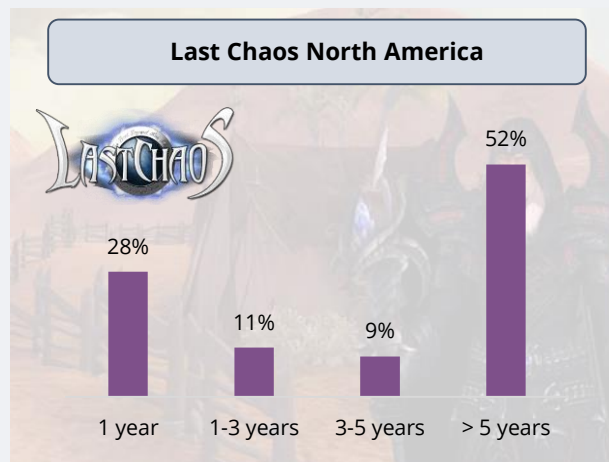
- Fiesta Online has generated approximately EUR 50m in revenues since the launch 13 years back
- EUR 2.8m in revenues in 2019
- 6.8m user accounts created since launch
- Approximately 44k users playing each month (actuals)

Players remain active in the game over a long period of time, implying considerable recurring revenues and high visibility

Revenues are typically recurring over +5 years

Loyal customer base ensures a high degree of recurring revenues and visibility

Revenue split by user tenure for selected games



Source: Group information
Notes: 1) Figures as of Q2 2020



Division overview: Media

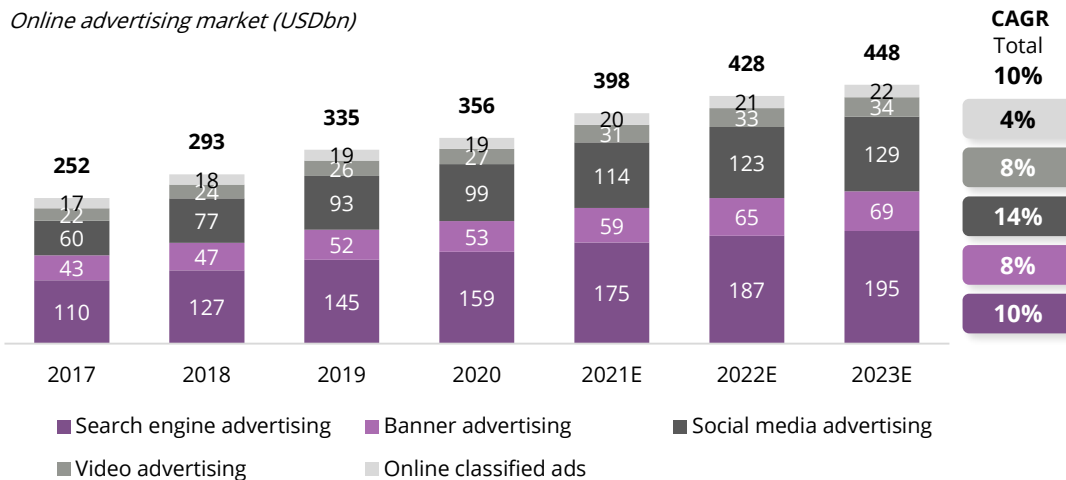


Digital media: a substantial growth market

A large, fragmented market, offering ample growth opportunities

Global advertising market pivoting towards digital media

Online advertising market (USDbn)



- Global digital advertising market is expected to remain at its strong growth trajectory going forward
- Global online advertising volume is projected to grow from USD 335bn in 2019 to USD 448bn in 2023E, corresponding to a CAGR of approx. 7.5%
- Social media advertising is expected to serve as the main growth driver, followed by search engines and videos
 - Expected to clearly outpace overall market growth
 - Following overall global trend of people becoming increasingly connected to the Internet in general, and to social media platforms in particular
 - Search engine advertising has traditionally constituted the largest advertising channel
- The programmatic ad-tech landscape has a similar fragmented structure as the gaming market, with a large number of apps being published and advertised on a daily basis through a large variety of channels and platforms
- The fast-growing mobile advertising technology market is highly competitive and penetrated by major global players including The Trade Desk and Google Ad Manager
 - Market is however still highly fragmented implying ample consolidation opportunities
- Ongoing megatrend clearly pivoting the market towards programmatic advertising
 - Programmatic exchanges and bidding are more efficient, allowing advertisers to reach a broader audience with each campaign



Megatrend: programmatic ads

- Digital advertising has bypassed offline advertising in recent years
- Programmatic exchanges and bidding are more efficient and win-optimising



Fragmented market

- Fast-growing number of channels, apps and players
- From managed to self-serve; (Google, Tencent, Facebook)



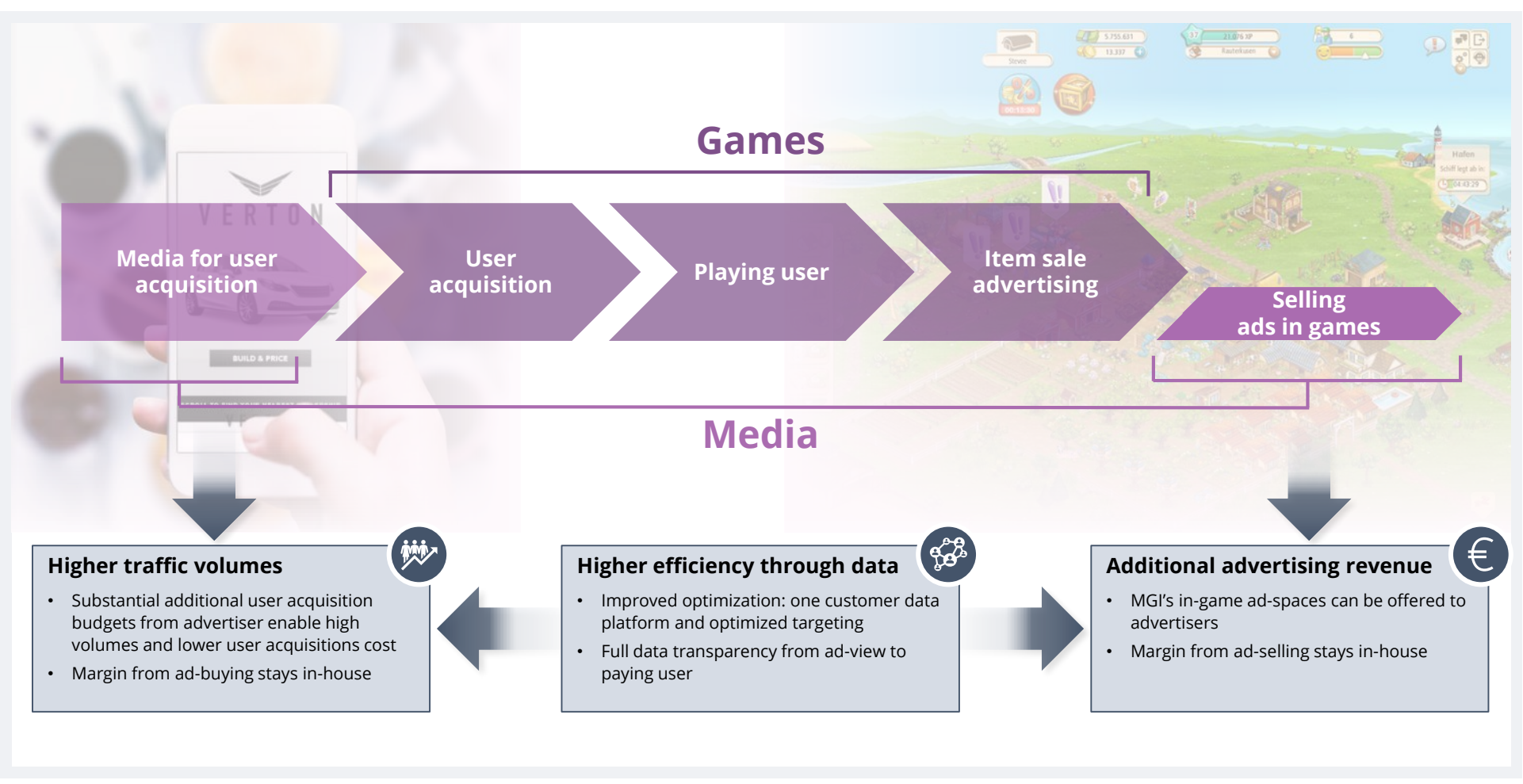
Growth opportunities

- Fragmented global market
- Driven by technical change and optimisation; AI, programmatic and tracking
- High growth and solid margins
- Market consolidation

Media is a logical extension of the Gaming value chain

Online media serves as a strong organic growth accelerator for games

Illustration of value chain extension



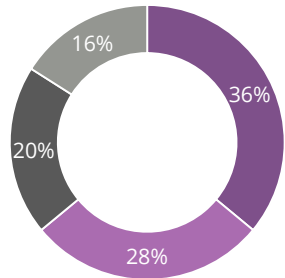
Source: Group information

High-performance, real-time ad platform

Seamlessly connecting brands, advertisers and publishers to users in real time

Full-stack advertising platform serving Fortune 500 advertisers

Diversified, attractive revenue streams



- SaaS
- Branded marketing
- Performance marketing
- Influencer marketing

Key facts

- Brands:** Top Fortune 500 advertisers
- Performance:** Top 500 global digital brands
- Publishers:** Top 100 in relevant app stores
- Marketplace:** Active in 20 countries
- Platforms:** Full stack and self service

Verve Group: Serving Fortune 500 advertisers

Offline brands			Online brands		



Long-term premium advertiser and publisher partnerships with a blue chip customer base

MGI ad-tech value chain



Advertiser

Attractive advertising platform owing to MGI's extensive user base, attracting advertisers seeking to optimise its campaign revenues

Demand side platform

Software used by advertisers to buy mobile, search and video ads from a marketplace on which publishers list advertising inventory

Data

Information on game users is stored upon user's consent, implying an extensive data library which enables high-precision advertising

Supply side platform

Technology platform enabling web publishers and digital media owners to manage their advertising inventory, fill it with ads and optimise revenues

Publishers (Consumers)

Publishers are at the end of the value chain as owners of a medium on which game-, internet and social media consumers are exposed to targeted ads

Source: Group information
Notes: 1) As of Q2 2020

In-house media for ArcheAge Unchained launch

MGI provides high customer acquisition capabilities compared to traditional publishers and developers

ArcheAge Unchained launch illustrates MGI's user acquisition capabilities

Objective



- Launch a Triple A game in the territories North America and EU
- Efficient user acquisition with long-user-lifetime
- Create cost efficient video assets via internal production resources



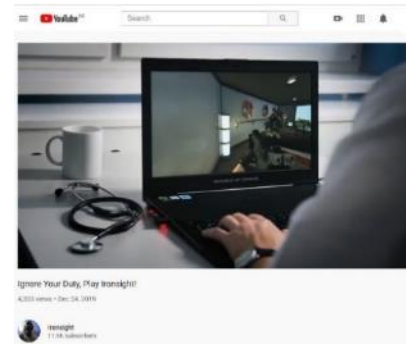
Strategy



- Setting the right target group using data from the media companies to acquire the right players
- Centralised booking of influencers across video and social media channels, increasing negotiation power
- Combined skillsets of gamigo's internal marketing graphics team and Verve's production capabilities with enriched data



Video spot created in-house



Influencer booked in-house



Approach



- Sharing gamigo and Verve resources, data, contacts and market insights
- Leading to an ever-growing revenue base and long-term active players



+65 influencer campaigns



2.4m views achieved



EUR +10m organic revenues





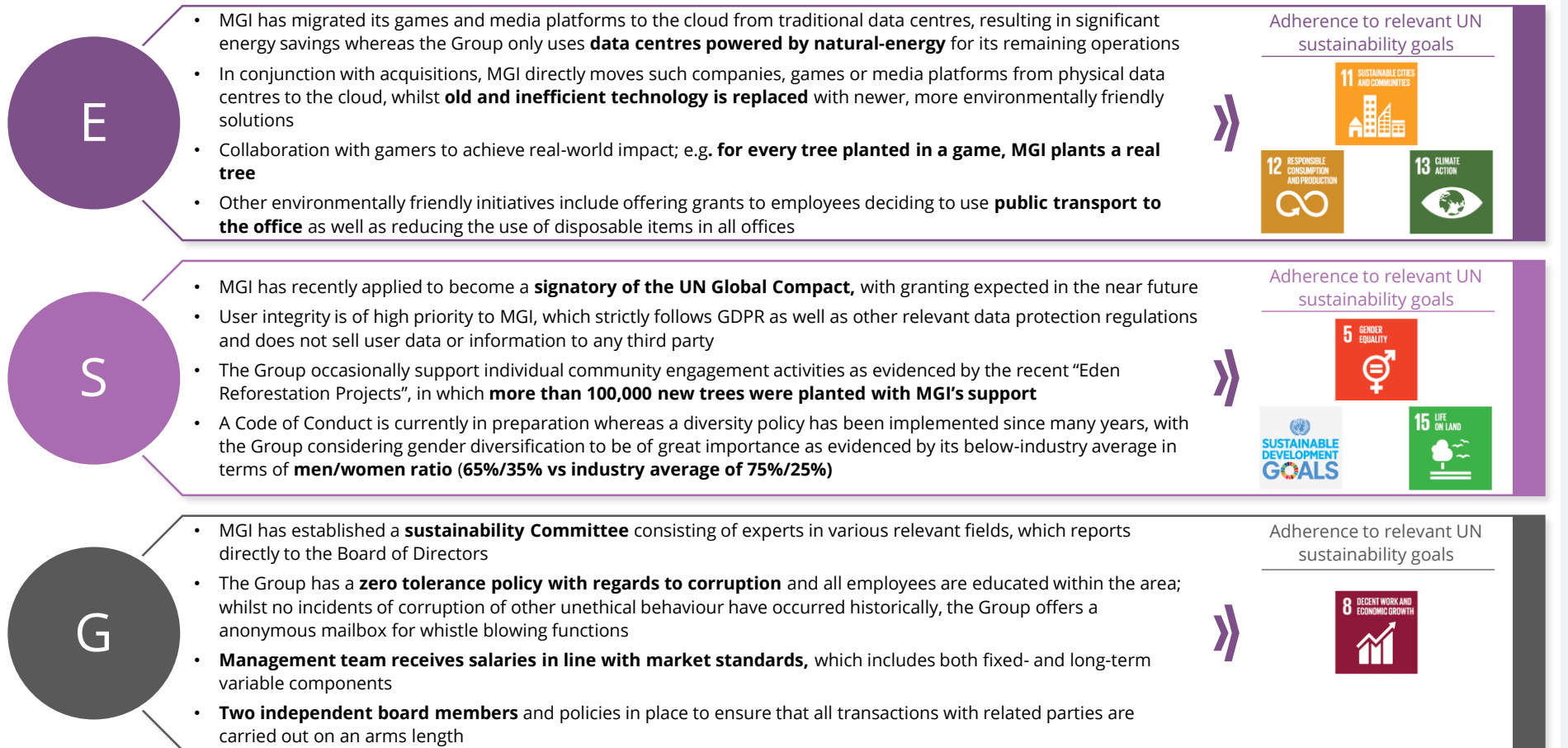
Division overview: ESG



ESG policy of the Group

MGI's environmental, social and governance initiatives are well in line with established UN goals

Summary of the Group's ESG commitment



Source: Group information, UN
Notes: 1) Refer to appendix for comprehensive ESG questionnaire

Particular focus on youth and children protection

MGI targets to provide a safe environment for all its users

Summary of the Group's protective measures

Preventive measures

- Building up a **decent game portfolio**, making sure that none of its games contains any of the following items:
 - Propaganda directed against free democratic order, characteristics of unconstitutional organisations, incitement to hatred against sections of the population, references to xenophobia, sexism etc.
- MGI has **community rules** which describe **how to behave** in general, but also how to behave in different situations
- **Code of conduct** for each game
- **USK** (Entertainment Software Self-Regulation), Pegi (Pan European Game Information) certification (voluntary) and **ERSB** (Entertainment Software Rating Board) for core games
- **External protection officer** monitoring the Group and provides quarterly reports on youth protection developments
- **No offer of gambling**
- Special review of gamigo group purchase offers under competition law in order to protect especially young buyers from rash purchases

Control and sanctions

- Trained **community management team actively scans the games and communities** for insults, sexual comments, racist or hateful language, threats, bullying etc.
- Players who are conspicuous by their misconduct are warned and banned in case of repetition
- **Volunteers whose task is to moderate chats**, guide people to positive issues, defuse conflicts and generally create an inclusive environment
- The players themselves have the opportunity to report misconduct to the Community Management
- **Legal intervention against "private servers"** which illegally offer MGI's games to young people; consequences that young people are also protected from losing their money
- Action against so-called "Gold Sellers" - providers in the game who illegally sell game currencies to other players in-game - another way we **protect young customers from losing their money**

Improvement targets

- **Automated chat filters** that scan games and communities for keywords that violate the Group's guidelines
- Introduction of an automated tool to ensure that young players only receive advertising that is appropriate for their age group
- Introduction of an **automated reporting tool** that allows players to easily report harassment or other violations of their privacy rights
- Supplementing the legal texts (general terms and conditions and privacy statement) with a short age-appropriate summary at the end to make them even easier for young players to understand



MGI strives to create a safe environment in its games and portals, in which children and young people are protected



MGI opposes any kind of insults, sexual harassment, racist or hateful language, threats or bullying, implementing preventive measures and sanctions for misconduct



gamigo is a member of the game Verband Deutschland and actively supports its efforts for diversity within gaming; MGI is also to become a signatory of the UN Global Compact

I. Transaction overview

II. Business overview



III. Division synergies

IV. Strategy

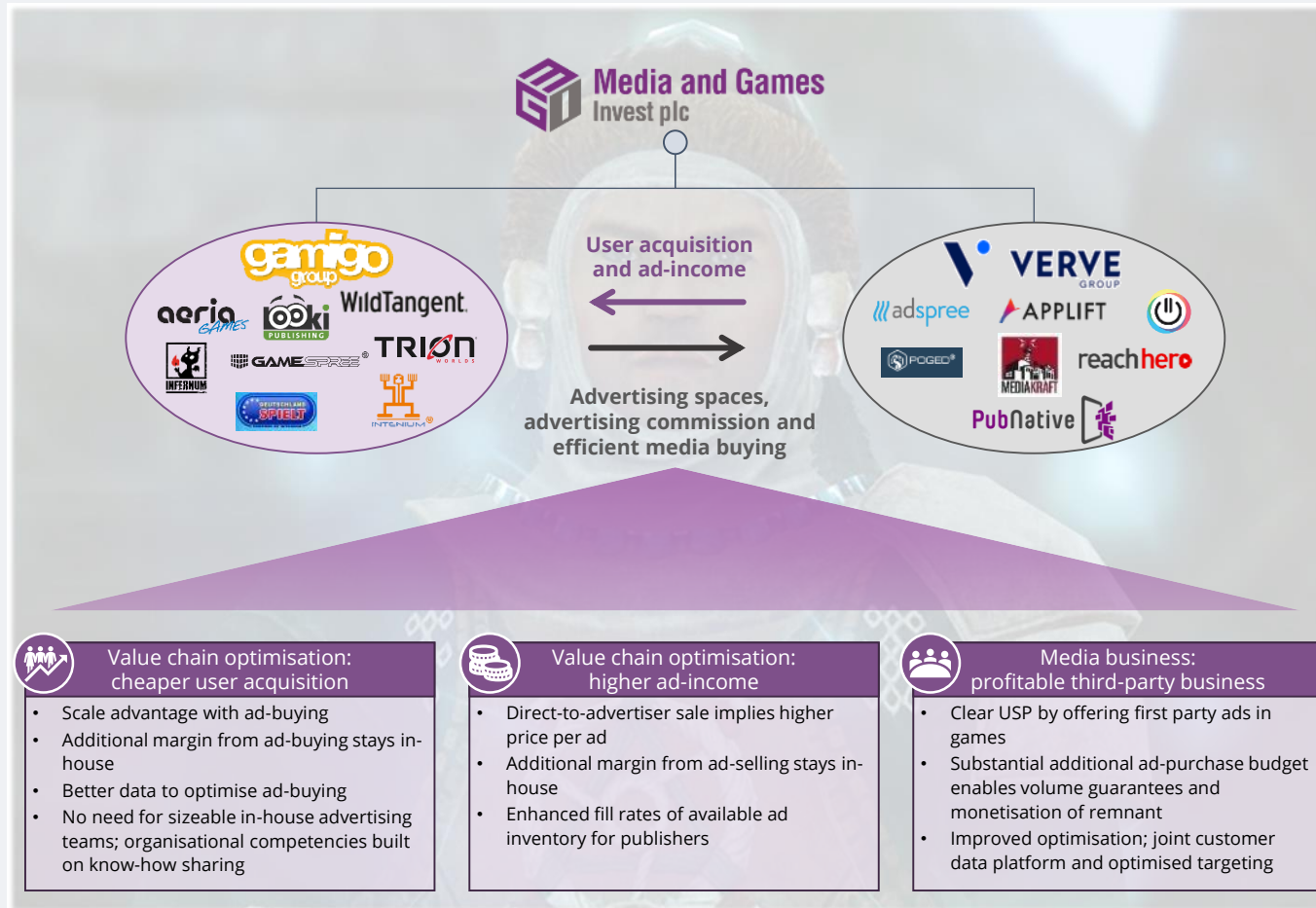
V. Financial performance



Combining gaming and media offers clear synergies...

Enhanced and more efficient user-acquisition through value chain optimisation

Higher efficiency enabled through being active in a larger part of the value chain, more data and faster growth



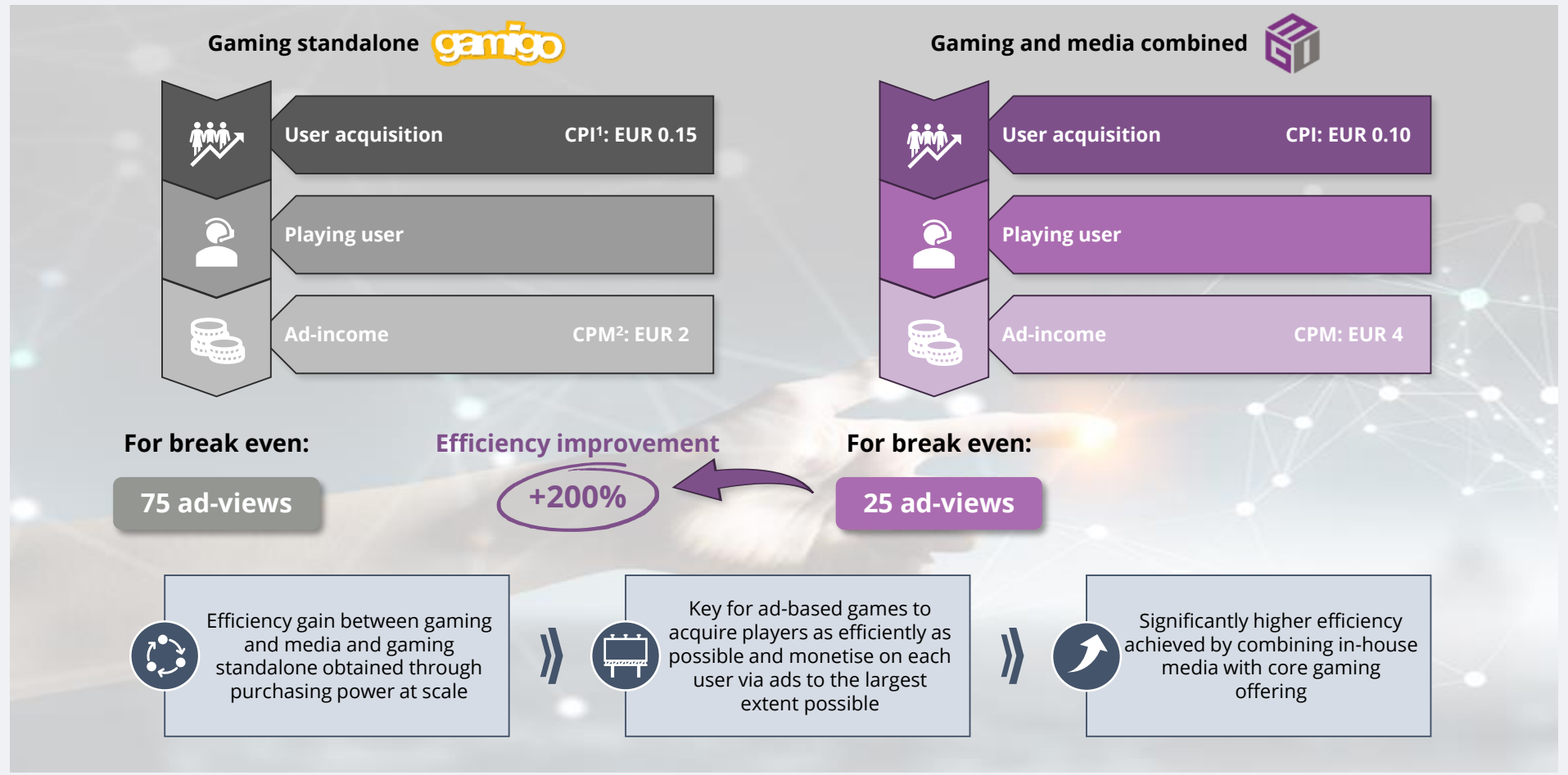
- Combining gaming and media offers clear synergies in both directions
- In-game ads expose players to media and advertisement platforms with gaming focus
 - Providing increased customer traffic and advertising revenues to the **media segment**
- People visiting media platforms, including mobile advertising and social media/influencer platforms, are enticed to start playing MGI games
 - Generating future in-game purchases and subscription revenues to the **gaming segment**
- Gaming segment benefits from internal media knowledge as the need for external services decreases
- Gaming media platforms funnel high-spending players to games and subsequent purchases
- Media segment benefits from internal quality control, reducing operating risk
- Guaranteed media purchasing implies increased stability of the media segment
- Optimised CPIs in both segments leading to faster return on investment

Source: Group information

...as evidenced by significantly lower breakeven ad-views.. 

MGI provides high customer acquisition capabilities compared to traditional publishers and developers

Games and media combined: optimising the value chain



Source: Group information
Notes: 1) CPI = Cost Per Install, 2) CPM = Cost Per Thousand Impression

Strategic expansion of the mobile gaming business

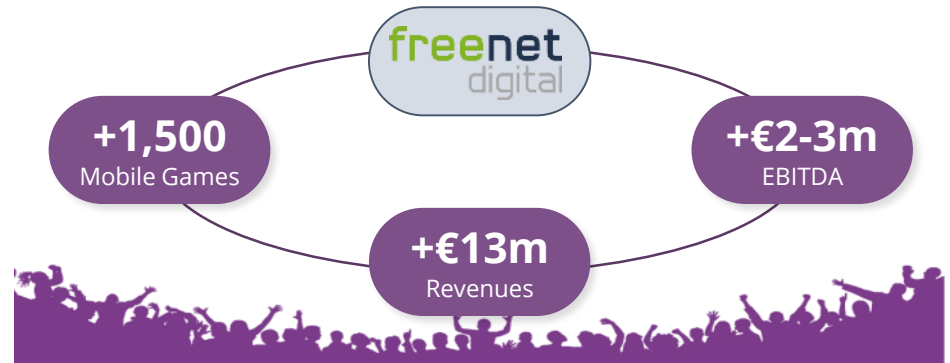
Mobile gaming segment is on a strong growth trajectory

Illustration of MGI's expansion phases

Building the mobile user acquisition base...



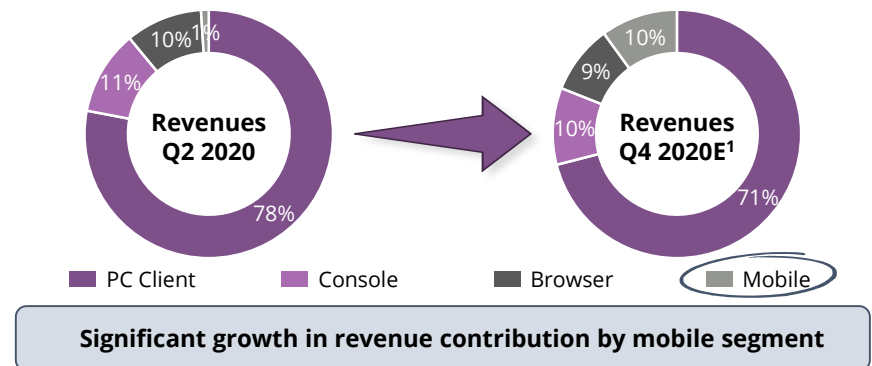
...with ample M&A opportunities in mobile gaming...



...leveraging a solid organic growth pipeline...



...resulting in strong growth of mobile revenues



Source: Group information
Notes: 1) Based on management estimate

I. Transaction overview

II. Business overview

III. Division synergies



IV. Strategy

V. Financial performance



Robust model enabling long-term value creation...

"Buy, integrate, build & improve" strategy consequently implemented since 7 years

Overview of MGI's strategy



Market consolidation through prudent M&A strategy



Overall M&A strategy

Focusing on distressed and inefficient targets



Products

Accretive technology, products and customer bases



Synergies

Targets to offer clear synergies



Integration and synergy realisation



Cost efficiency

Unified management structure



Technical integration

One platform and one cloud



Cost savings

Cancellation and renegotiation of contracts



Ramp-up of organic sales growth



Improvements

Of products and technology



User base

Initiatives to grow existing user base



Internationalisation

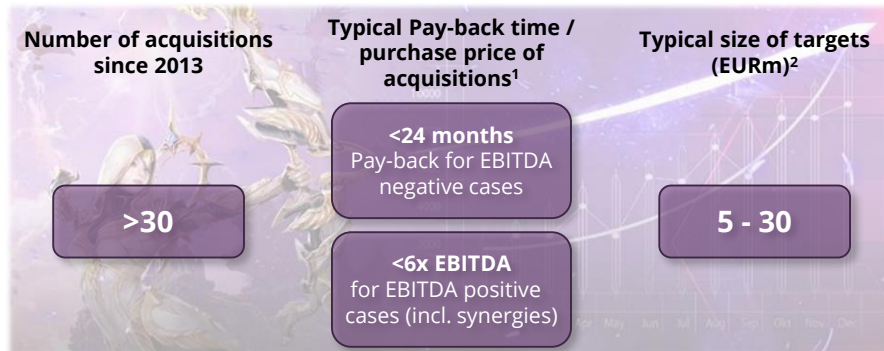
Of existing products and solutions to new markets

...built on a prudent and tested M&A strategy...

M&A strategy yields high growth figures based on acquisitions and synergies with MGI's scalable model

Overview of MGI's M&A strategy

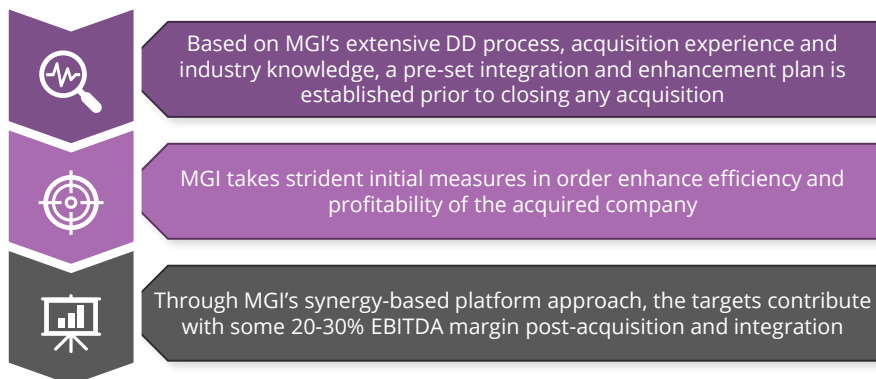
1 MGI has a strong M&A track record...



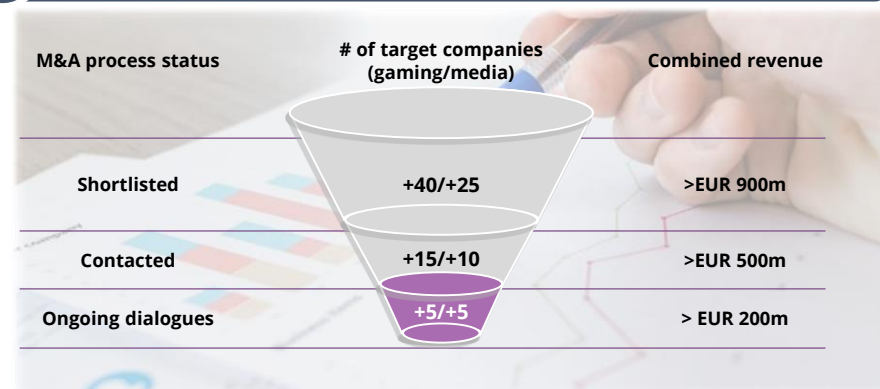
2 ...built on a disciplined approach...



3 ...which facilitates integration...



4 ...and scope to continuously evaluate new targets



Source: Group information

Notes: 1) Average payback period across all acquisitions since 2013 (excluding Aeria Games which was a large rule changing acquisition paid in shares), 2) Typical size of targets taking into account revenues that are discontinued, 3) Targets overview of 12 months period Aug'19-Aug'20

...successful integration of acquired entities...

Enhanced cost control and efficiency through the use of state-of-the-art technology

Overview of integration process

Data centres

- Once acquired, targets are swiftly integrated into MGI, where cost-cutting is one of the first orders on the agenda
- Acquired targets typically use data centres for colocation, which constitutes a considerable share of such targets' cost base
- If a tenant cannot leverage on economy of scale, data centres tend to be an expensive solution
 - High fixed costs
 - High personnel costs
 - Intense capital requirements

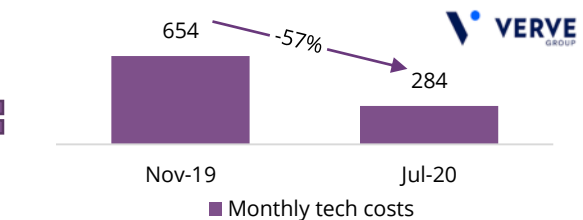
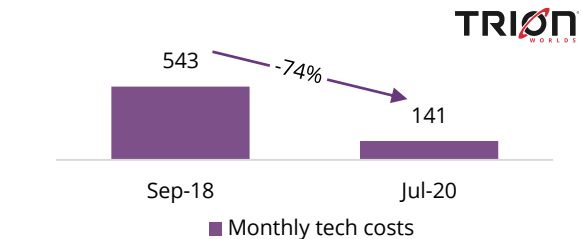


Cloud technology

- By utilising its state-of-the-art cloud technology, MGI is able to reduce the cost of an integrated target significantly
- Use of cloud technology typically results in a scalable cost base, largely constituting variable costs, as well as low personnel expenses and limited capital investment requirements
- As illustrated in the cases of **Trion** and **Verve** to the right, MGI unlocked significant cost savings following integration of the two targets
 - Monthly tech costs reduced by 74% and 57%, respectively
- Moving services to the cloud usually contributes to reduced risk as downtimes are narrowed



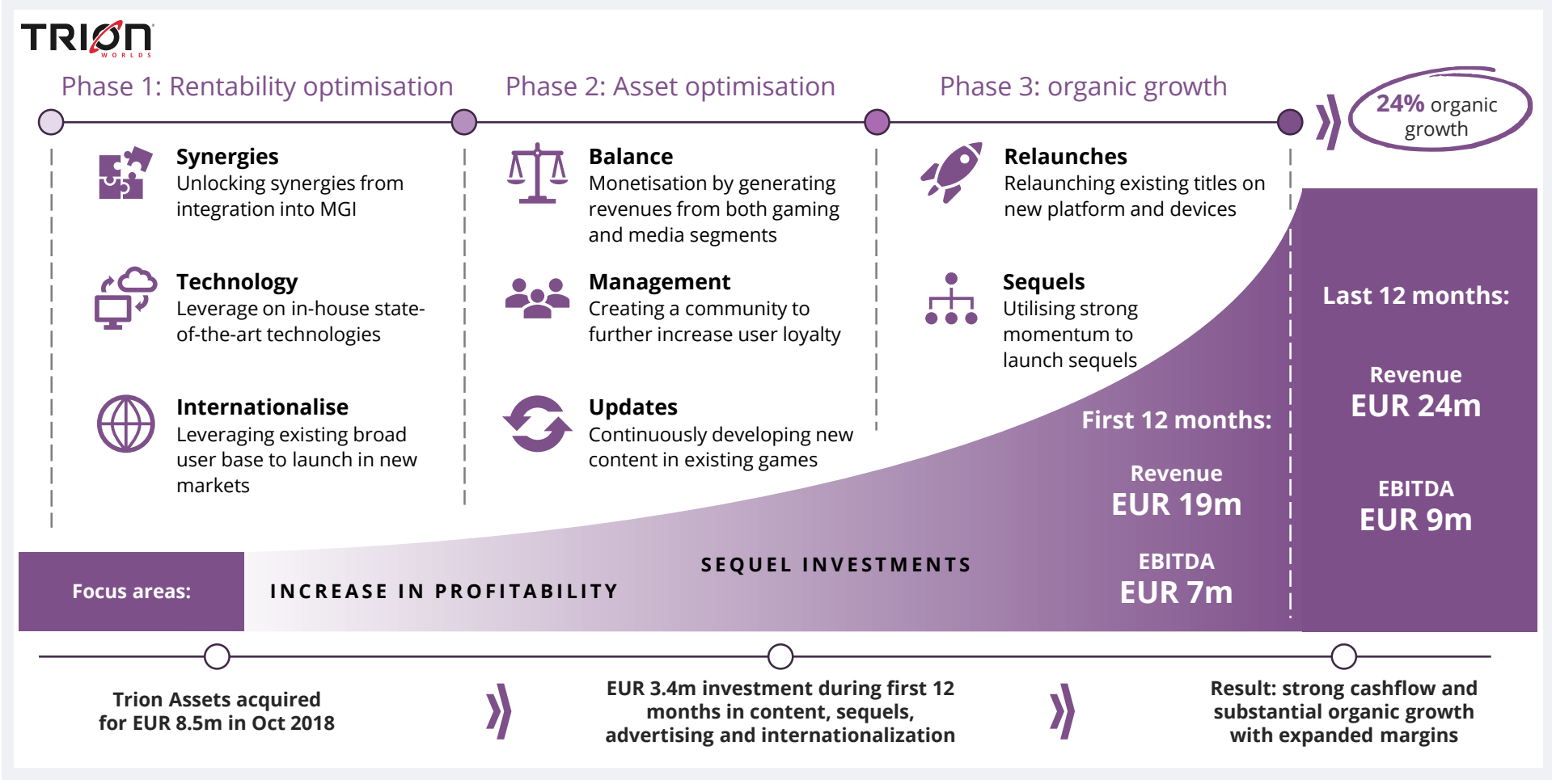
Outcome (EURk)



...and strong ability to ramp up organic growth

Developing and optimising games following successful integration

Overview of “build and improve” process



Source: Group information

- I. Transaction overview
- II. Business overview
- III. Division synergies
- IV. Strategy



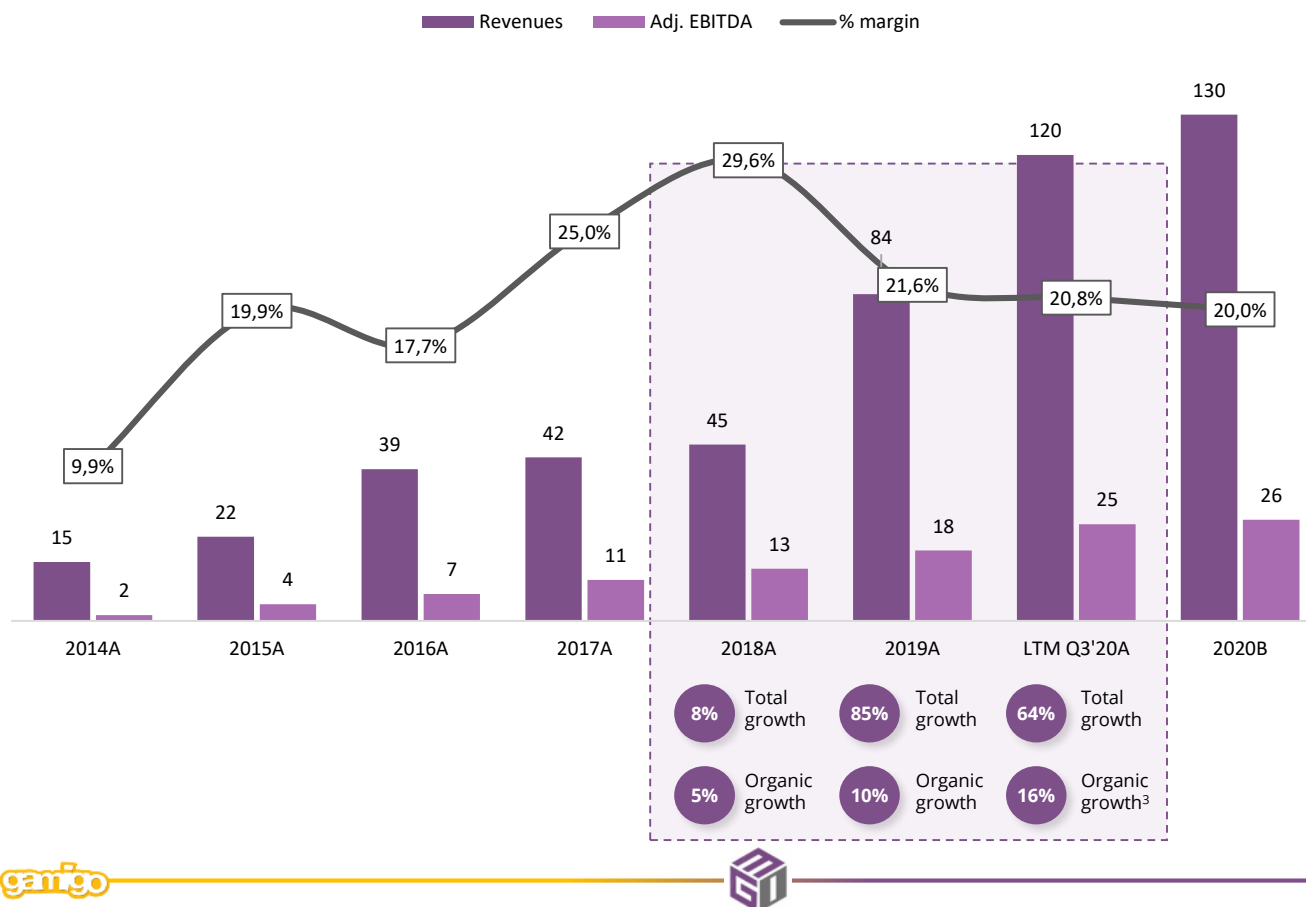
- V. **Financial performance**



Summary of financial performance

Profitable business model with an increasing share of organic growth

Long-term financial development (EURm)^{1,2}



- Consistent growth over the past six years whilst preserving adj. EBITDA margins
 - Revenues have grown at a CAGR of 43% between 2014 and the LTM Q3'20
- MGI, and previously gamigo, has a strong track record of profitability and successfully integrating acquired companies into the platform-centric business model
- Owing to the Group's business model, growth has historically been driven by acquisitions
- Since 2018 however, MGI has increasingly turned focus towards organic growth initiatives
- In the LTM, organic growth constituted 16% of total growth in the gaming segment, as compared to just 5% in 2018
- Adj. EBITDA margins have historically fluctuated between approx. 20-30%
- Digital media and ad-tech solutions typically come with slightly lower EBITDA margins as compared to the gaming segment
 - Potential slight drop in margins should thus be representative for the new business mix

Source: Group information

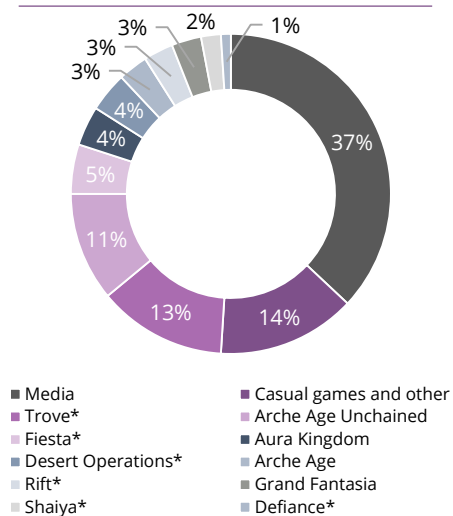
Notes: 1) gamigo standalone figures until 2018, EBITDA adjusted for one-time-, M&A and financing costs, 2) gamigo was acquired by MGI in May 2018, 3) organic growth in gaming segment YoY YTD Q3'20

Business model ensures diversified revenue sources

Limited dependency on single game titles and media solutions

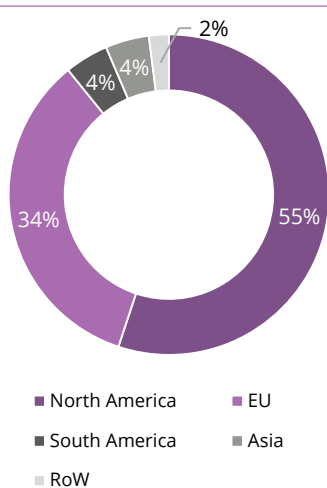
Overview of key revenue splits¹

Group revenue split²



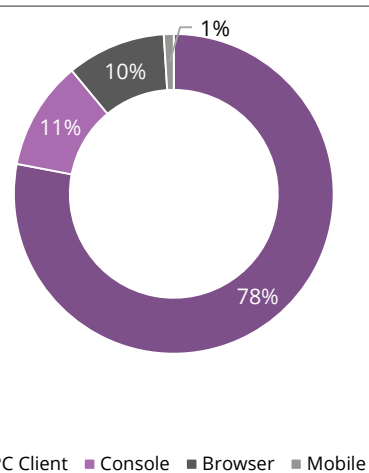
- Well-diversified product portfolio with no "one-hit-wonders" ensures stable revenue generation
- Casual games account for 14% of total revenues whereas Trove is the largest single game title, contributing with 13% of revenues
- Focus on organic growth pipeline and continuous new launches will ensure maintained diversification

Group revenue by geography



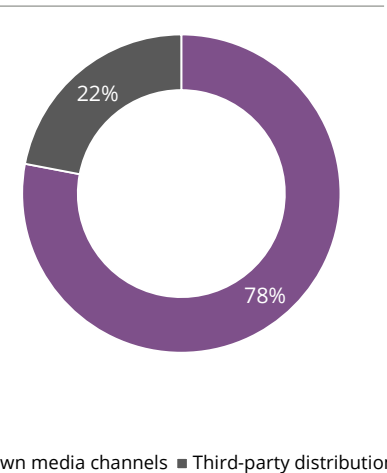
- Revenues are primarily generated in Europe and North America, constituting approx. 90% of total revenues
- The U.S., Germany and France are the Group's top three individual markets
- Top 3 countries account for approx. 64% of total gaming revenues
- Mid-term financial targets include investing in further internationalisation

Gaming revenue by device



- PC users constitute the largest vertical with a high degree of recurring revenues owing to social communities in MMO games
- Some 90% of the paying customers are recurring customers with a user lifetime of over one year
- Mobile vertical expected to grow significantly, reaching 10% of revenues by Q4 2020

Customer acquisition by channel



- Strong distribution channels through own media increases profitability
- As MMO registrations lead to approx. 10% conversion to paying users, revenue growth can be steered by increasing intake
- Efficient new customer acquisition is a key challenge for MGI to remain a market leader

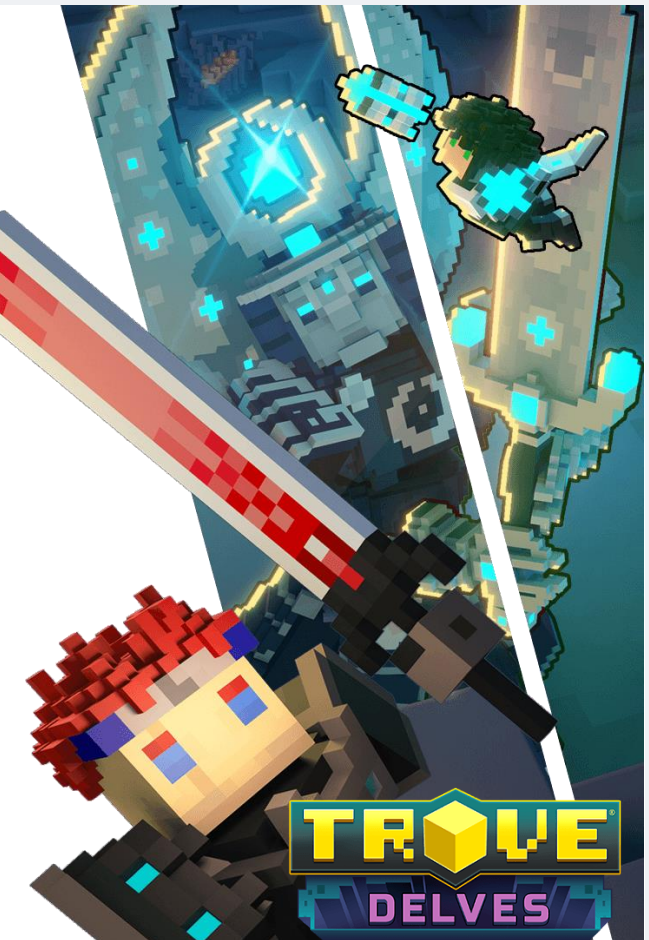
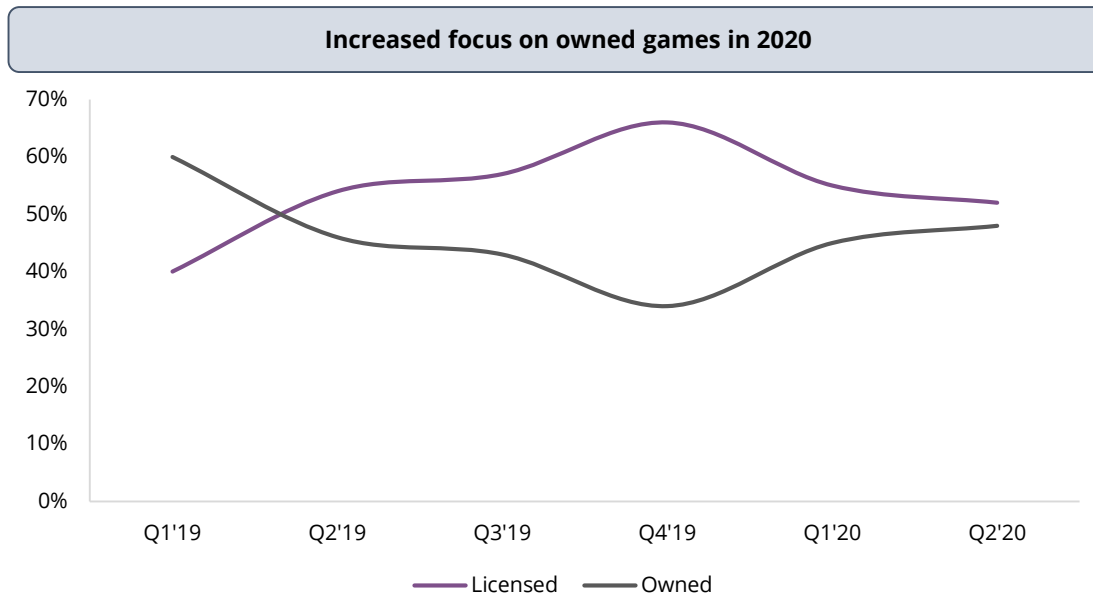
Source: Group information

Notes: 1) All figures as of Q2 2020, 2) * = IP/source code owned by gamigo

Licensed vs owned games

Organic growth facilitated through new licensed and existing owned games

Revenues generate from licensed and owned games Q1'19-Q2'20



- Strong organic growth in licensed gaming revenues in 2019, driven by multiple new launches
- Content updates in owned games serves as main driver for organic growth in the YTD 2020
- Significant user stickiness also in the licensed games as MGI owns the users and its data, with third-party IP owners only being responsible for carrying out content updates
- Licensed games typically run with 3 year contracts and automatic renewals, and MGI has historically never lost any game license which it desired to keep highlighting the low risk of such losses

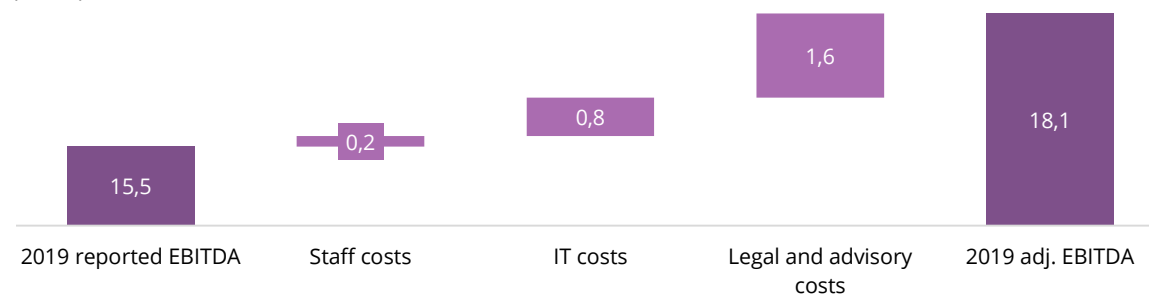
EBITDA adjustments

Highly profitable underlying business as illustrated by a solid reported EBITDA

Overview of non-recurring items

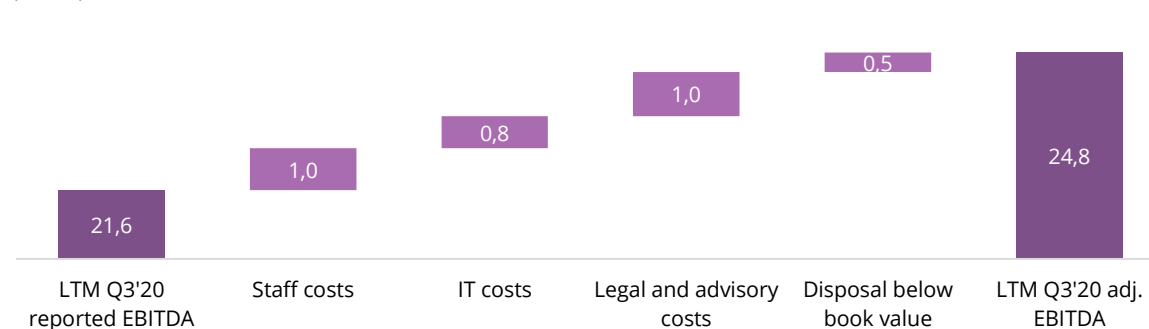
2019 EBITDA bridge

(EURm)



LTM Q3'20 EBITDA bridge

(EURm)



- MGI has posted strong EBITDA figures over the past years, reaching EUR 19.6m and EUR 22.4m in reported and adjusted EBITDA in the LTM Q2'20, respectively
 - Corresponding to an reported- and adjusted EBITDA margin of 17.5% and 20.1%, respectively
- Adjustments for staff and IT costs include the expenses for integration of acquired companies into the Group
 - Highlighting the achievable synergies through integrating such companies
- Adjustments for staff costs are driven by redundant staff and also includes idle and severance payments
- IT cost adjustments pertain to additional datacenters that the Group is forced to use prior to consolidation of acquired companies, as well as IT contracts not being prolonged
- Legal and advisory costs are driven by transaction costs pertaining to MGI's active M&A agenda as well as capital market transactions
- Non-recurring items came in at EUR 2.6m and EUR 3.2m in 2019 and the LTM Q3'20, respectively
 - Implying significant reduction from EUR 3.5-4.3m as typically seen historically¹
- In the LTM Q3'20, MGI generated reported- and adjusted EBITDA of EUR 21.6m and 24.8m, respectively

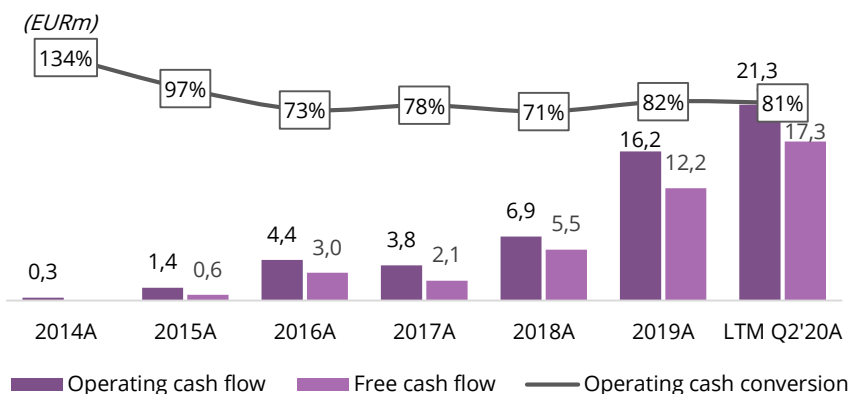
Source: Group information

Notes: 1) Relating to gamigo standalone figures in 2016-2017

Operating cash flow and capex development

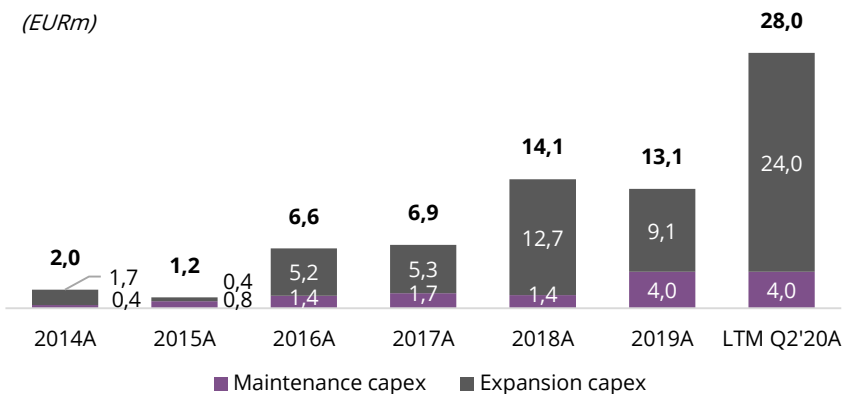
Highly cash generative business owing to modest capex needs and strong profitability

Operating cash flow development^{1,2,3}



- Since 2014, MGI has displayed an average operating cash conversion of some 88%
- The strong cash flows of the Group have predominately been driven by a negative NWC profile as well as the modest maintenance capex needs
 - Negative NWC profile is mainly a result of MGI receiving payments from its gaming and media customers faster than its payables are generally due
- Positive development in operating cash conversion in the LTM Q2'20 has been further underpinned by realised synergies between the gaming and media segments following the Verve acquisition in early 2020
- Key cash outflow for MGI is typically investments in new companies as well as purchases of gaming licenses
- Disbursements due to capitalisation of own gaming development costs are also included as an investment-related cash outflow item as the Group treats such development as an enhancement-factor of its existing games
 - Investments have an impact on the Group's intangible assets and are as such depreciated over its useful life

Capex development



- Capex of MGI is mostly reflected in the items "Payments made for investments in intangible and intangible assets" in the cash flow statement
- Maintenance capex comprises own capitalised work for further development of the IP-owned games within the Group
 - Content updates, sequels, new level cap raises, relaunches etc.
 - The Group has historically capitalised some 25%-30% of its personnel costs
- Expansion capex primarily includes investments in IP-rights, M&A (goodwill and PPA) and further investments in the Group's infrastructure
- The uptick in expansion capex in the LTM Q2'20 primarily relates to the Verve acquisition as well as investments into the media platform
- MGI's asset-light business model entails modest maintenance capex needs, as evidenced by the historical 3.6% of revenues p.a.
- Going forward, management expects to operate the Group with approx. EUR 5m and EUR 15-20m in maintenance and expansion capex p.a., respectively

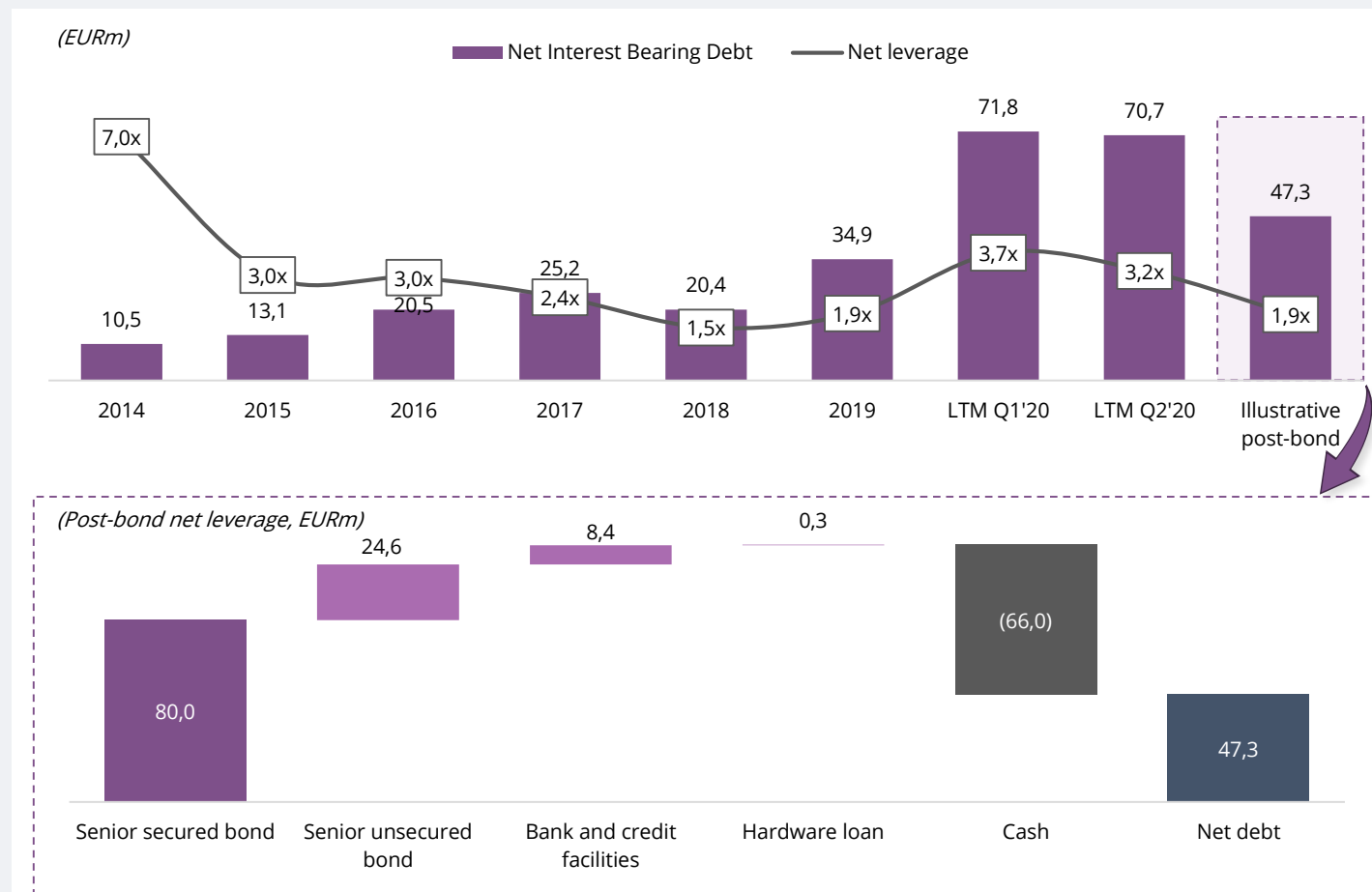
Source: Group information

Notes: 1) Operating cash flow defined as EBITDA - Change in NWC - Maintenance capex, with NWC being defined as trade receivables - trade payables, 2) Free Cash Flow defined as Operating Cash flow - Maintenance Capex, 3) Until 2017 gamigo Group standalone

Long-term net leverage development

Conservatively levered credit with an illustrative post-bond net leverage of 1.9x

Net leverage to adj. EBITDA ratio development¹



- Post-transaction, the senior secured bond will constitute the majority of MGI's interest-bearing debt
- In 2019, MGI issued a senior unsecured bond of EUR 5m, carrying a fixed coupon of 7.00%
 - Outstanding volume increased to EUR 20m after two tap issues in H1 2020
 - Bond currently stands at its Framework of EUR 25m²
- Bank and credit facilities amount to EUR 8.4m
 - Permitted in bond terms subject to annual clean down
 - Permitted debt in a maximum amount of 12.5% of Bonds and Parity Debt
 - Current and future facilities provided by UniCredit, Commerzbank and Billfront
- NIBD/adj. EBITDA following the transaction will stand at 1.9x
- In the long-term, MGI targets a net debt / EBITDA ratio of 2-3x

Source: Group information

Notes: 1) Post-bond leverage based on LTM Q3 2020 adj EBITDA of EUR 24.8m, 2) Including IFRS effect

Prudent mid-term financial targets...

Revenue CAGR

25-30%

- Invest in organic growth projects, e.g. sequels, re-launches & re-skinning and internationalization
- Investments in new game licenses, game assets and new game launches
- Further acquisition of accreditive and synergetic M&A targets with focus at gaming
- Further acquisition of intellectual property of games ready or close to ready for launch

EBITDA margin

25-30%

- Reducing OPEX and costs based on economies of scale
- Using marketing, purchasing and cost benefits based on size
- Expanding margins in the media segment set to drive overall Group EBITDA margin back to 25-30%, as achieved in FY 2018

EBIT margin

15-20%

- Using cost synergies within the group and with newly acquired targets
- Reducing PPA depreciation in the coming years

Net leverage

2-3x

- Measured on a Net Interest Bearing Debt to EBITDA ratio
- Could go above targeted interval for a period of time in connection with acquisitions
- Acquisitions to be finance by a mix of debt, equity and internal cash flows



Source: Group information

...with a clear roadmap to completion

Strong revenue CAGR of +25% combined with 25-30% EBITDA margin



Low business risk focus

→ MMO games with steady sustainable cash streams



Strong organic growth

→ gaming as a service; updates, DLC's & game launches



Supported by the media unit

→ efficient user acquisition; a clear cost & data USP



Synergetic M&A

→ over 30 accretive transactions, well filled pipeline



Integrating acquired targets

→ leads to substantial efficiency gains & economies of scale

