



Media and Games
Invest plc

Nordic Investor Presentation

October 5, 2020

Ticker Nasdaq First North Premier: M8G
Ticker Xetra: M8G



Cautionary note regarding forward-looking statements

This presentation contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include those discussed in Opportunities and Risks on pages 4 to 16 of the Company Description (Link: <https://mgi.group/wp-content/uploads/2020/09/Media-and-Games-Invest-plc.-Company-description-secure.pdf>). MGI does not assume any obligation to update the forward-looking statements contained in this presentation and beyond the legal requirements.

Initial Public Offering on Nasdaq First North Premier

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

Listing on NASDAQ First North Premier

- First day of trading on 6 October 2020
- Completed SEK 300 million capital increase on 09/30/2020
- 25 million new shares and fully diluted 117.073.507 shares
- Applying the Swedish Corporate Governance Code
- Quarterly Reporting in IFRS



Nordic peers with strong valuations

STILLFRONT
GROUP



paradox
INTERACTIVE®

ROVIO

EMBRACER⁺
GROUP



ENAD
GLOBAL



MGI vs Stillfront based on Pareto 2021 estimates

	2021 Sales	2021 EBITDA	2021 EBIT	2021 Op EBIT
Pareto estimates				
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%

Today's presenters and ownership structure



REMCO WESTERMANN, CEO & Chairman of the Board

- Manager, entrepreneur & investor; more than 25 years experience in various leadership positions
- Founding, reorganizing and growing various companies in the new technologies and media sector, Sonera, Bob Mobile/ Cliq Digital,
- MSc at Erasmus University, Rotterdam



PAUL ECHT, Group CFO

- Finance Manager with more than 10 years experience in the tech and finance industry
- Previously; UniCredit Bank in Berlin, Munich and New York and Shopgate Inc. in San Francisco
- M.A. in Finance and Accounting and Bachelor of Laws (LL.B.)



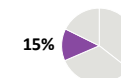
REMCO WESTERMANN

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



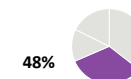
EARLY INVESTORS

The Early Investors are long-term investors who has been largely invested into gamigo AG since Remco Westermann acquired gamigo AG from Axel Springer in 2012. In Q1 2020 they swapped their gamigo shares into MGI shares. They agreed on a 25 month lock-up and therefore underscored their trust into the MGI Management and that it can execute further value accretive M&A.



FREE FLOAT WITH TIER-1 INVESTORS

The Free Float consists of retail and institutional investors who bought the shares on the stock market as well as institutional investors from the 25 million share issue carried out on 30 September 2020 with Pareto Securities AB as sole manager and bookrunner as well as 8 million shares from a capital increase managed by Hauck & Aufhäuser in July 2019.





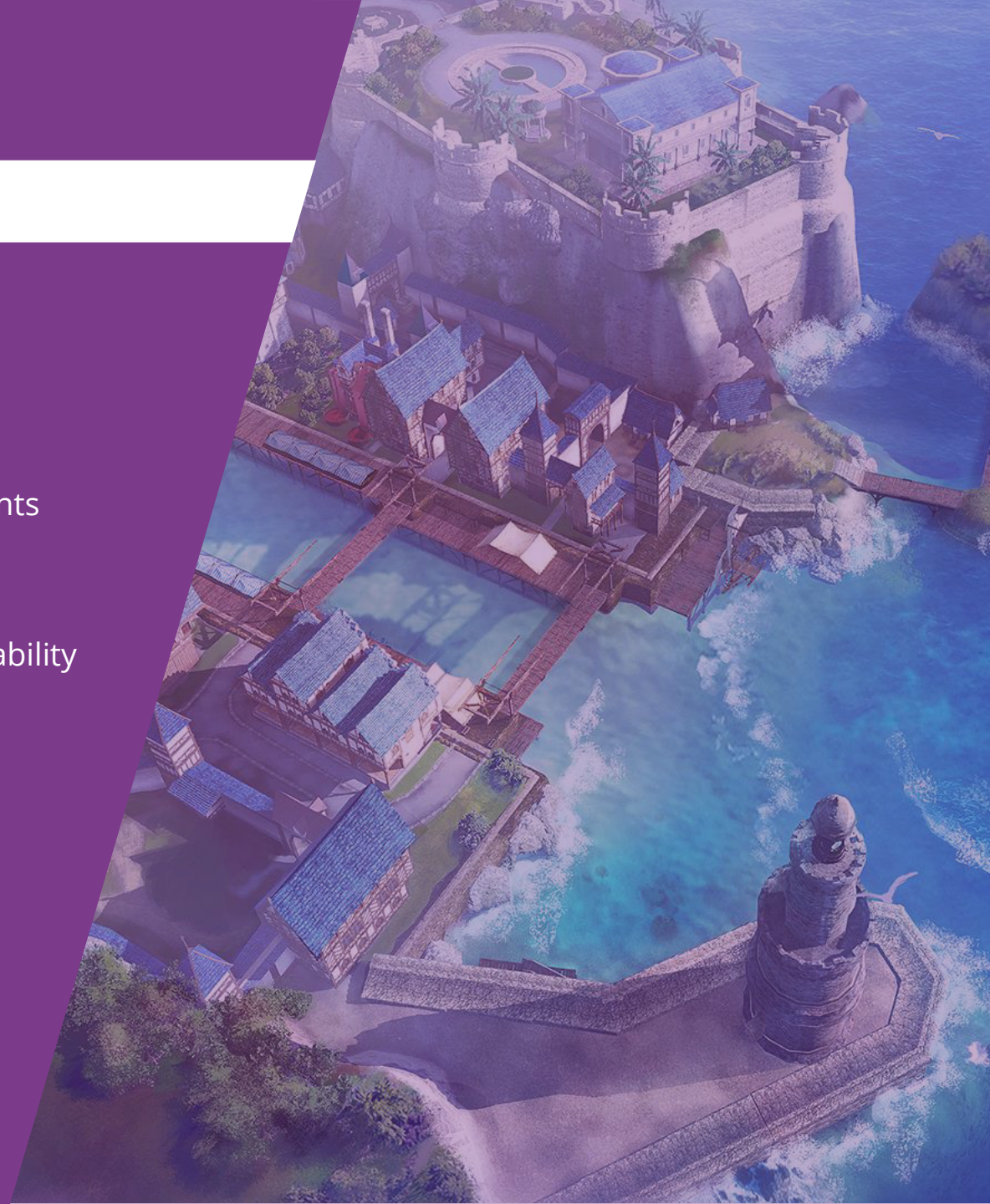
I. Introduction

INVESTMENT HIGHLIGHTS


- II. Expansion outpaces booming market growth
- III. Low risk business model and attractive positioning
- IV. Synergy realization achieved across both business segments
- V. Solid track record of value accretive M&A in both markets
- VI. Recurring and diversified revenues promote stable profitability

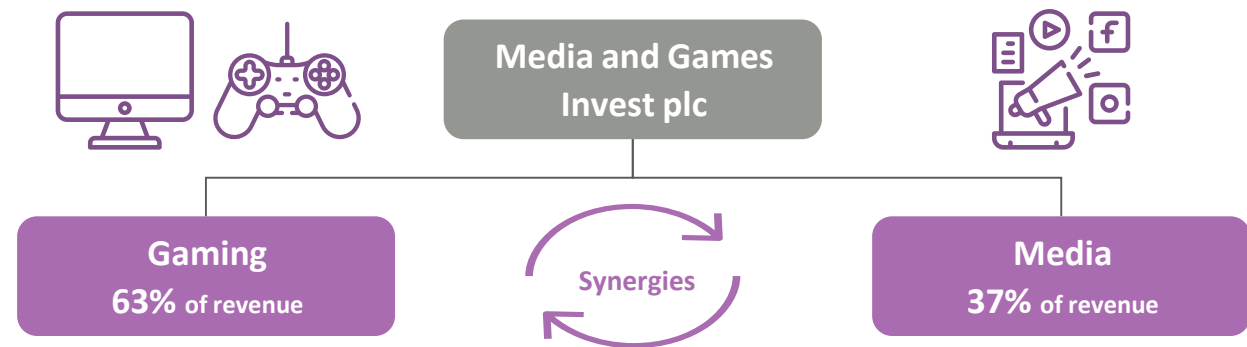
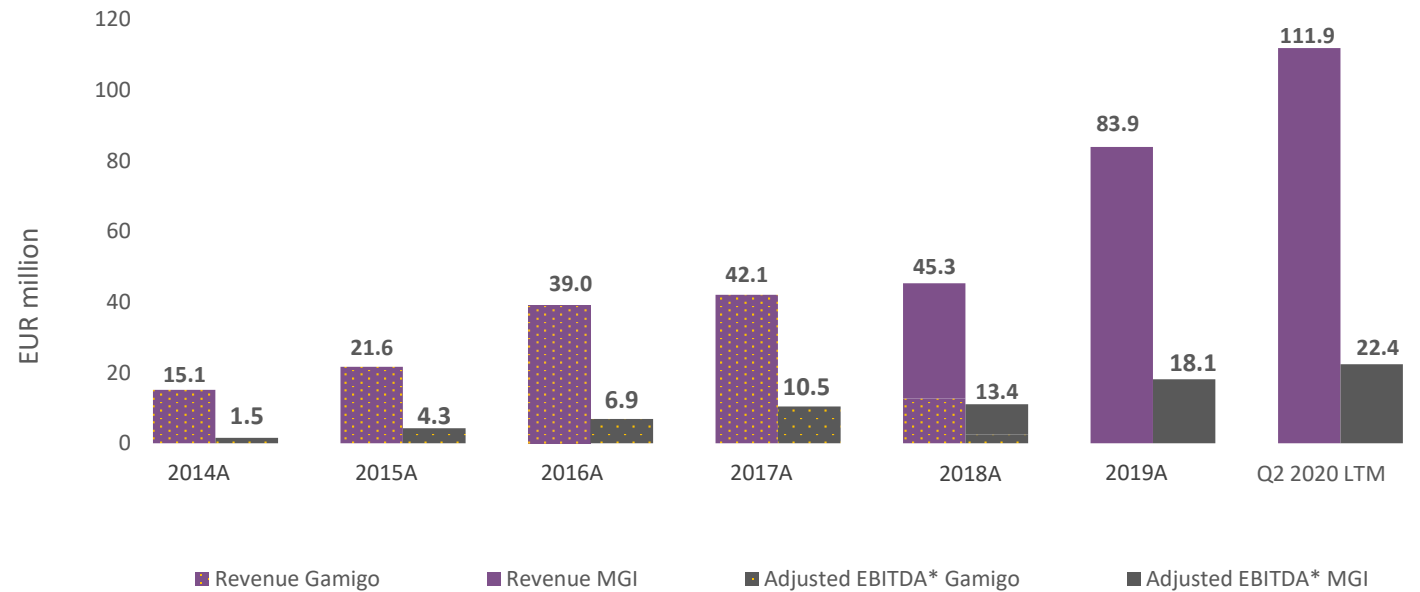
APPENDIX

- VII. Management & Board
- VIII. Ownership & legal structure
- IX. Other selected information



Media and Games Invest in brief

-  **2018** MGI acquires gamigo
-  **EUR +150m** Market cap
-  **Listed** on Nasdaq First North Premier¹ and FSE
-  **+30 M&A** transactions
-  **+700** Employees
-  **+25** MMOs (Massively Multiplayer Online games)
+5,000 Casual games
-  **+5,000,000** Monthly active players
-  **+5.0bn** Monthly ads and video views
+750m Subscribers across all video channels
-  **+5,000** Advertisers



MGI's two segments

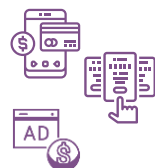
The two segments able to increase user acquisition for organic growth and in-game monetization



Game development and publishing

Revenue streams

In-game purchases
Game subscriptions
Advertisement revenues



M&A



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

Wide portfolio of games operating at high margins



Influencer and performance marketing

Revenue streams

Agency fees
SaaS fees
Ad commission



M&A



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%

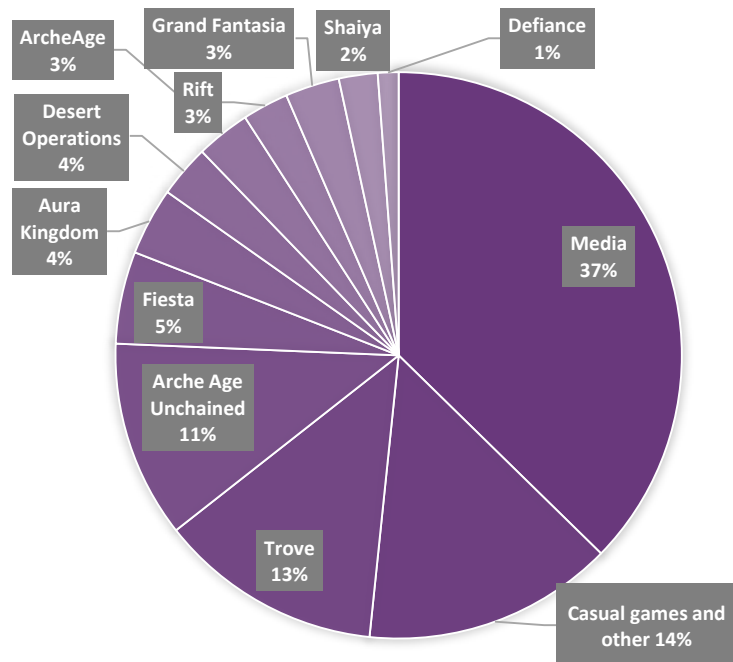
Target EBITDA margin

Marketing channels covering the entire gaming spectrum

Broad game portfolio and high growth opportunities:

Portfolio of 30 MMO's & 5,000 casual games alongside media portfolio

Well-balanced portfolio

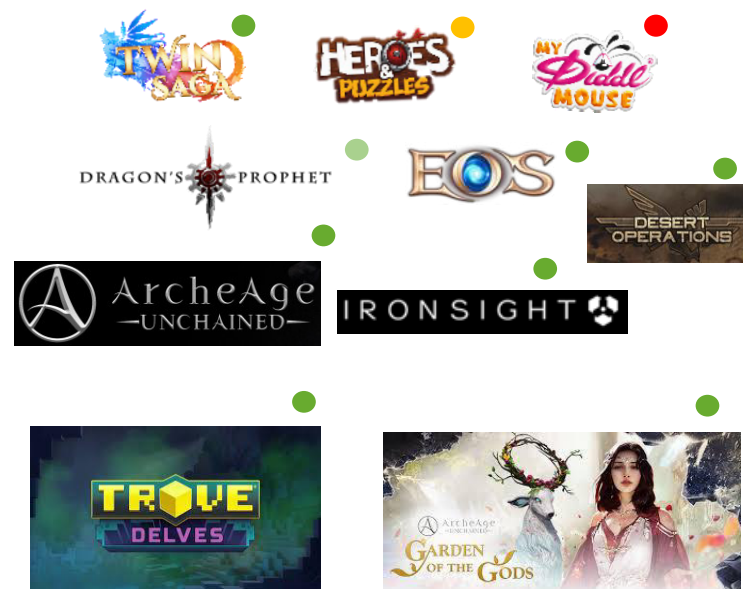


No "One-Hit-Wonders", stable revenues

+

Solid organic pipeline

Realized launches¹:



+ 8 successful launches incl. DLCs
+ 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 / 2020: 3x M&A
+ more in the Pipeline

Clear focus on risk diversification and high growth



I. Introduction

INVESTMENT HIGHLIGHTS

II. Expansion outpaces booming market growth

III. Low risk business model and attractive positioning

IV. Synergy realization achieved across both business segments

V. Solid track record of value accretive M&A in both markets

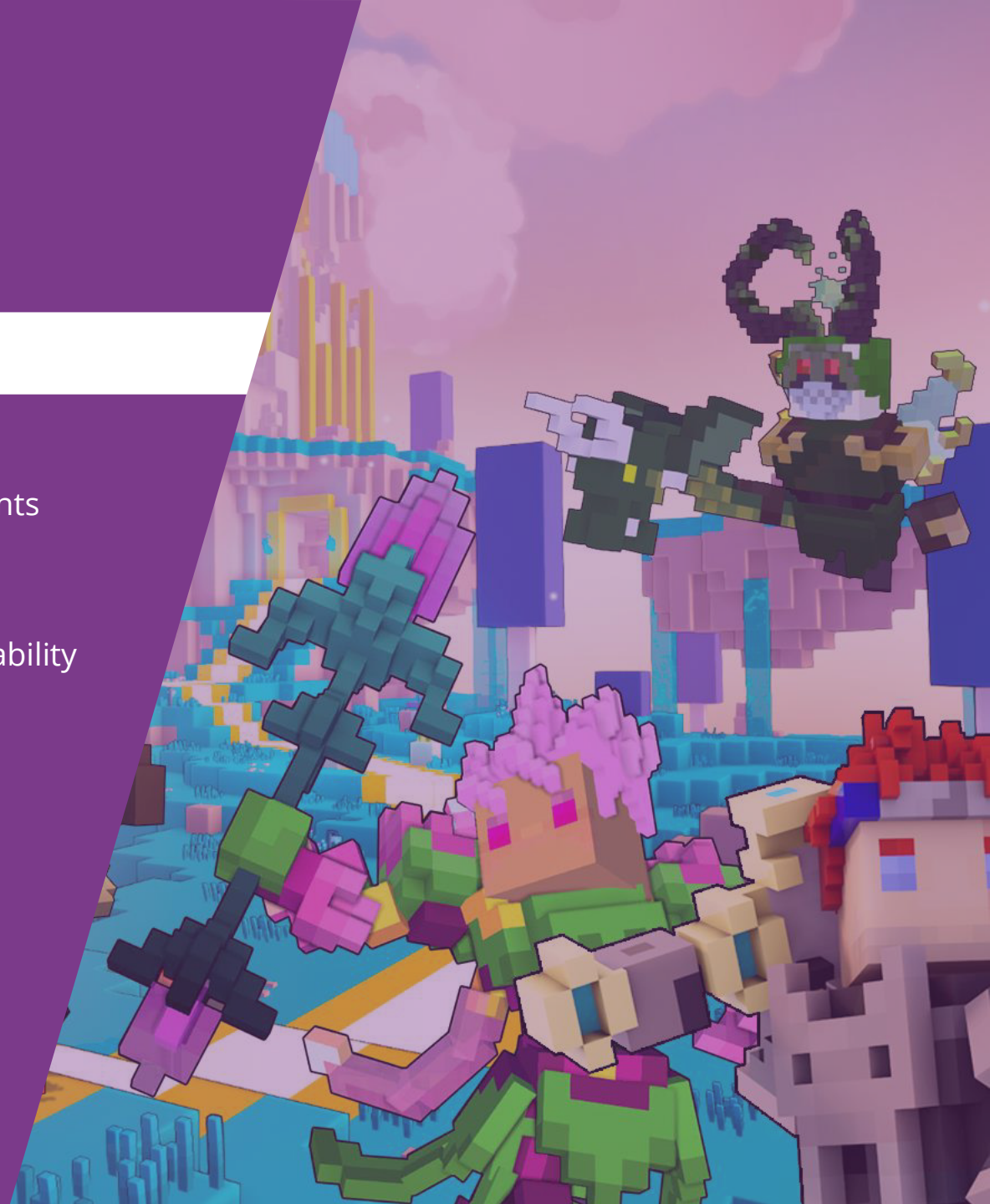
VI. Recurring and diversified revenues promote stable profitability

APPENDIX

VII. Management & Board

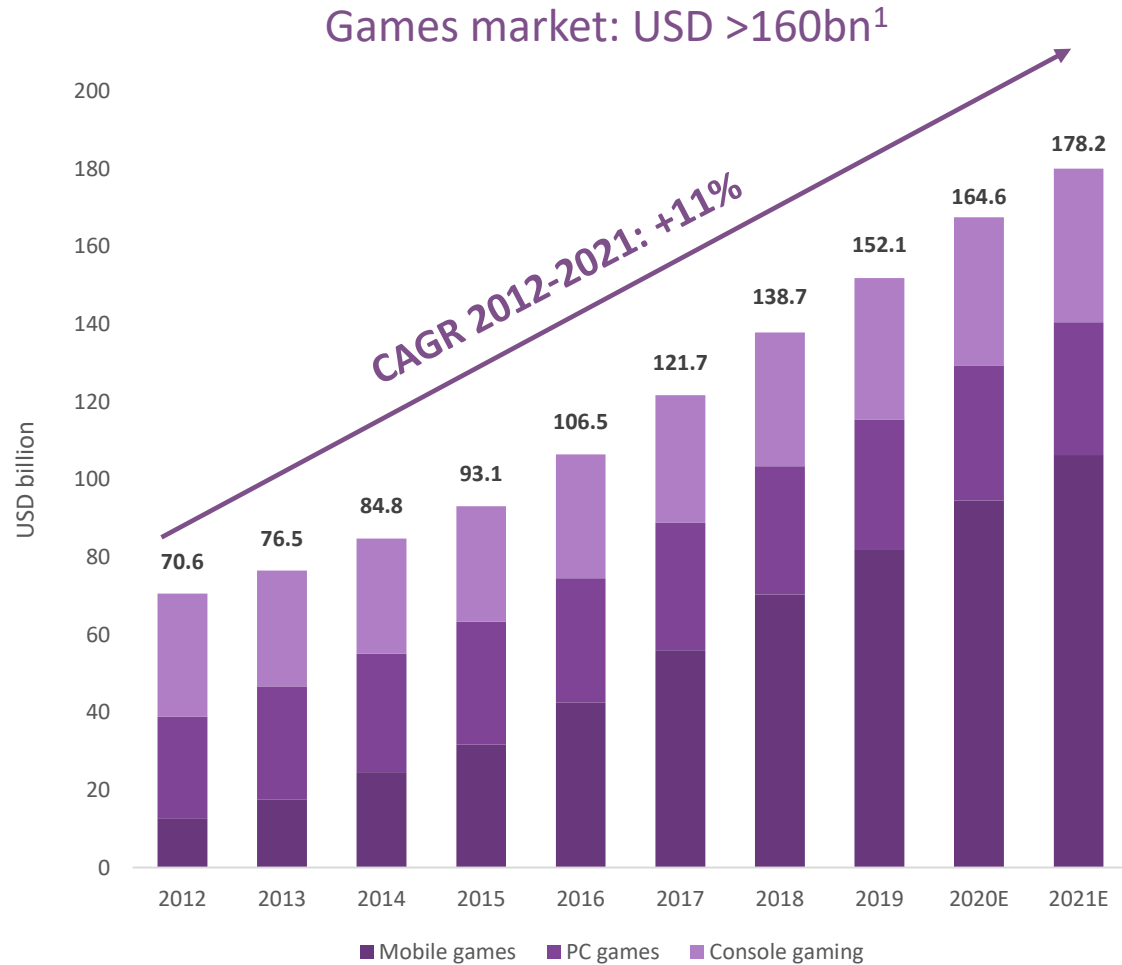
VIII. Ownership & legal structure

IX. Other selected information



Gaming: a substantial growth market

Biggest entertainment market, with significant growth



Megatrend: More Leisure Time

- Favored form of entertainment; interactive, rewarding, social

Mass Market

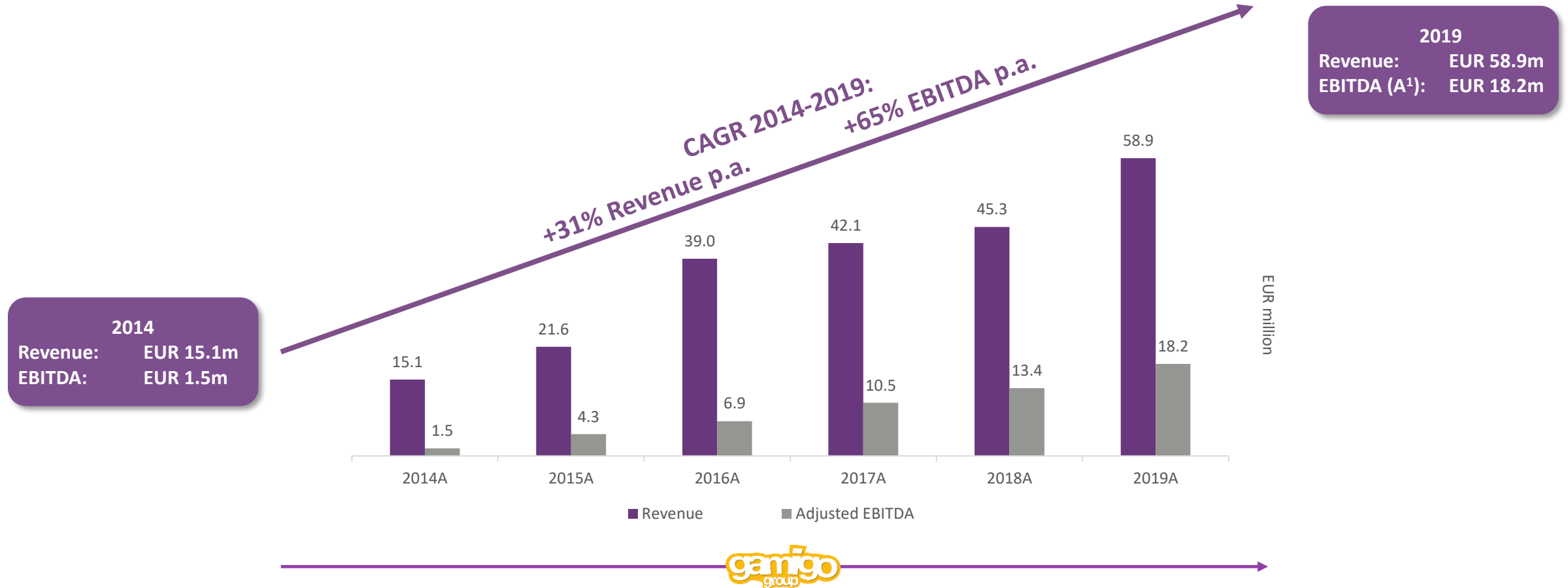
- Gaming market is bigger than the market for books, music and films
- More than two billion players worldwide
- 42% of all Germans are playing, 41% of whom are female, 29% over the age of 50

Growth opportunities

- Fragmented market
- Driven by hits, some with billions in revenues, but also failures
- High growth and high margins
- Market consolidation, numerous M&A candidates

Gaming subsidiary gamigo: annual growth of 31 percent

gamigo is growing almost 3x faster than the gaming market



High profit margin while expanding fast

Gamers are loyal and good customers

Gamers spend EUR 50-80 per month & games have a lifetime of over 10 years

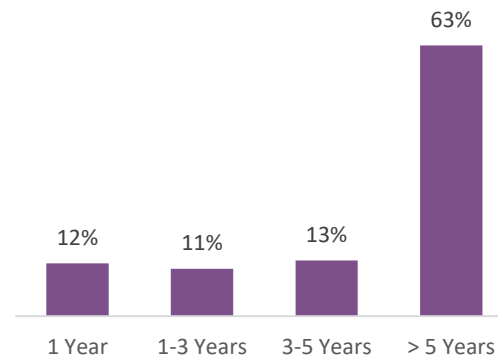
Example: Fiesta Online

A multi-player role play game



- An anime-themed role play, first launched 13 years ago
- Many players on the same servers (MMO)
- Community: Playing together is important
- Interactive: go further, become stronger

Long-term revenues



- Over 63% of revenues from players who have been active in the same game for 5y+
- Free2Play MMO; around 7-10% are paying
- EUR 50-80 per month and paying user

Substantial revenues

EUR +50m revenues

6.8m gamers

- c. EUR 50m revenue in 13 years (2019: EUR 2.8m)
- 6.8m user accounts created
- Approx. 35k users playing each month (actuals)

Players stick around for a long time and end up spending a lot

COVID-19 has positive effects on MGI 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 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

Case study Fiesta during and after Covid-lockdown



- The **WHO** urged the world to stay at home and play video games
- Resulting in a surge of new players and increased player activity
- Average of **+50%** increase of cash spenders through whole period
- From new players to new spenders
- **Upkeep of high revenue performance and player engagement:**

During lock-down in May

May 2020

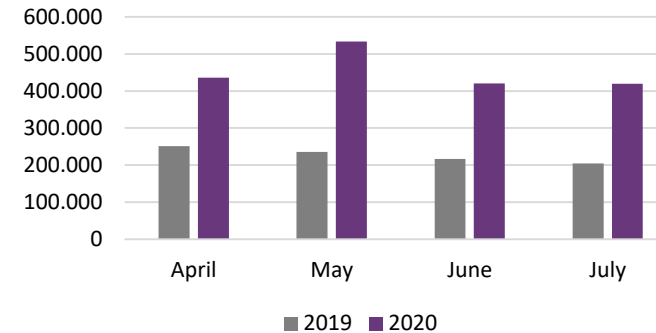
+127% YoY of revenue
+27% YoY of player activity
+141% new players

After lock-down in July

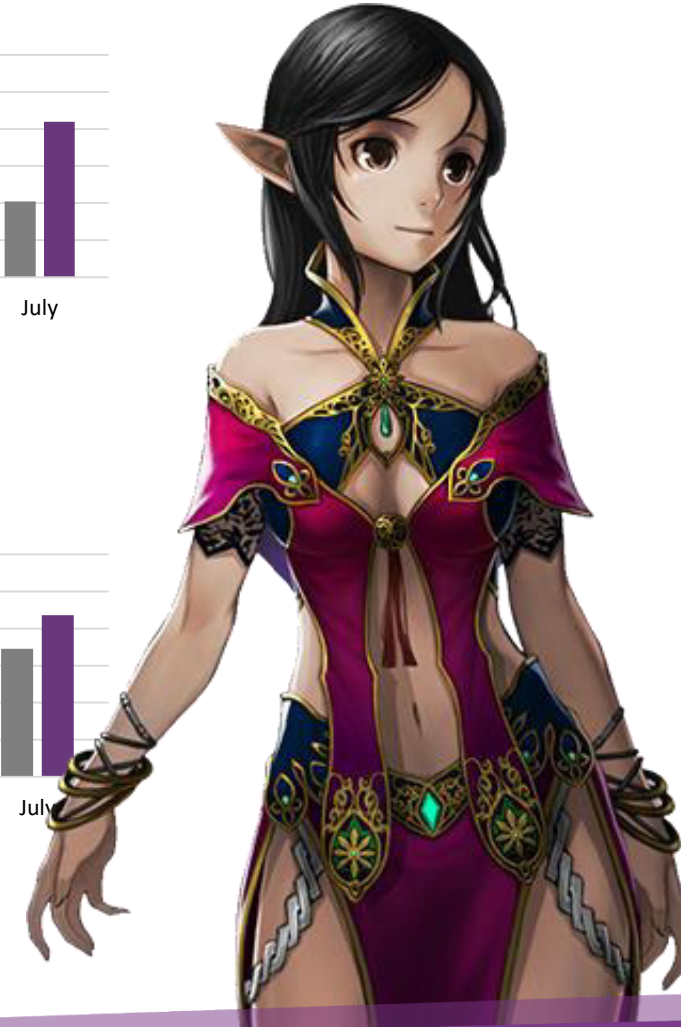
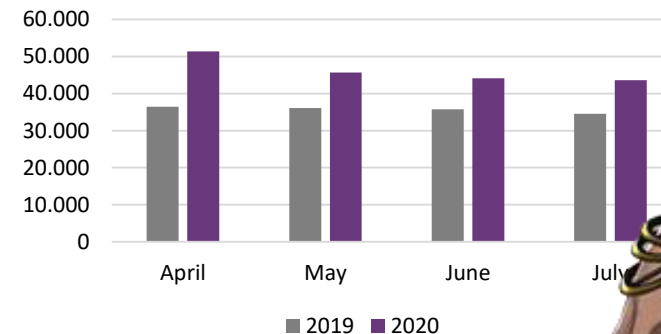
July 2020

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

Revenue 2019 vs 2020



Player activity 2019 vs 2020





I. Introduction

INVESTMENT HIGHLIGHTS

II. Expansion outpaces booming market growth

III. Low risk business model and attractive positioning

IV. Synergy realization achieved across both business segments

V. Solid track record of value accretive M&A in both markets

VI. Recurring and diversified revenues promote stable profitability

APPENDIX

VII. Management & Board

VIII. Ownership & legal structure

IX. Other selected information



MGI's business model with gaming as a core

Company description

Leading European game publishing platform with:

Fast growth;

- combining M&A and organic growth

Profitability

- focus on high margins and recurring revenues

Tech-Focus;

- as a driver of success USP's and efficiency

Synergies;

- integrating acquisitions & optimizing value chain

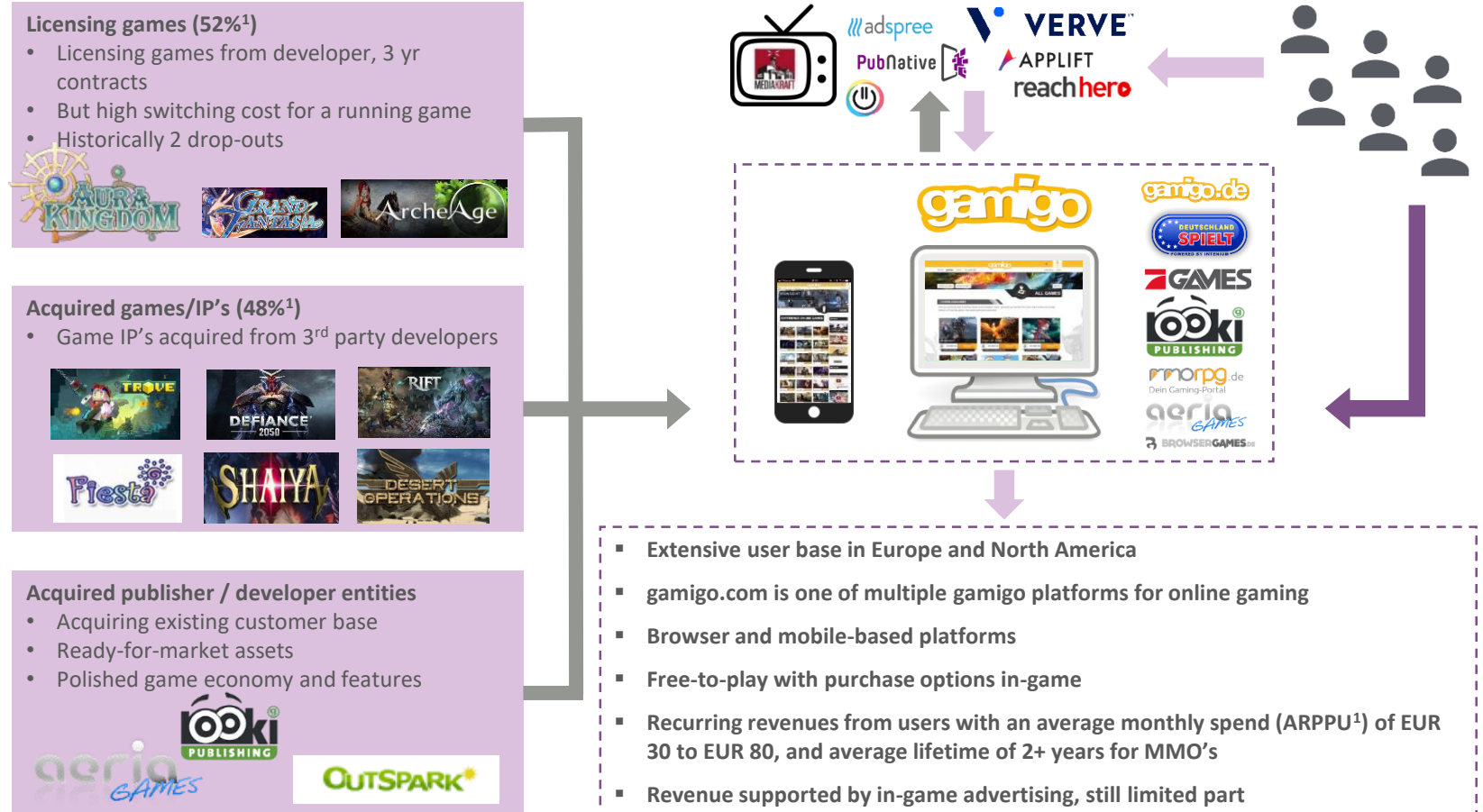
Low risk;

- no new game development, focus on ROI

Shareholder value;

- mix of own cash-flow, listed non-equity and equity

Overview of business model





I. Introduction

INVESTMENT HIGHLIGHTS

II. Expansion outpaces booming market growth

III. Low risk business model and attractive positioning

IV. Synergy realization achieved across both business segments

V. Solid track record of value accretive M&A in both markets

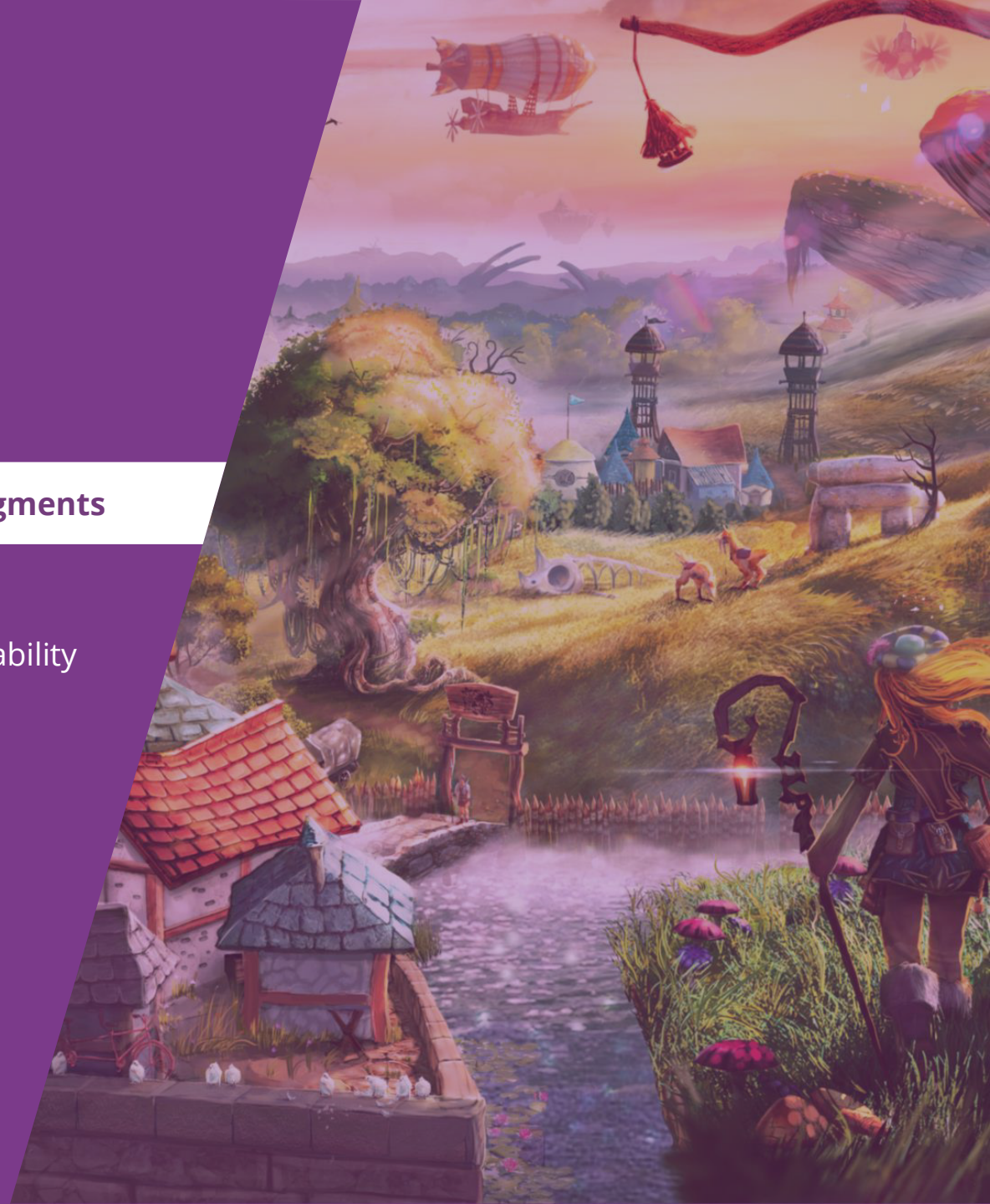
VI. Recurring and diversified revenues promote stable profitability

APPENDIX

VII. Management & Board

VIII. Ownership & legal structure

IX. Other selected information



Strategic expansion of the mobile gaming business

Building the mobile user acquisition base



Efficient mobile user acquisition capabilities via own media

Solid organic growth pipeline



Expansion of existing PC and Console games to mobile

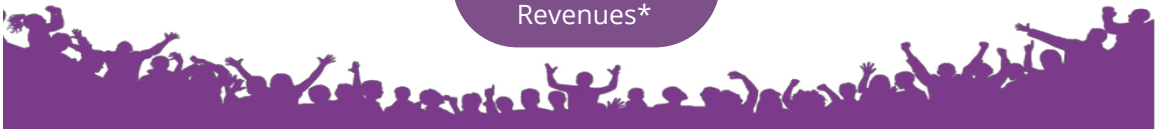
Using M&A opportunities in mobile gaming

freenet
digital

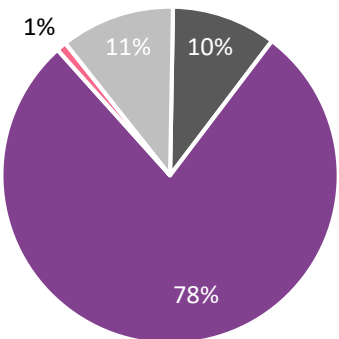
1,500+
Mobile Games

€2-3M
EBITDA*

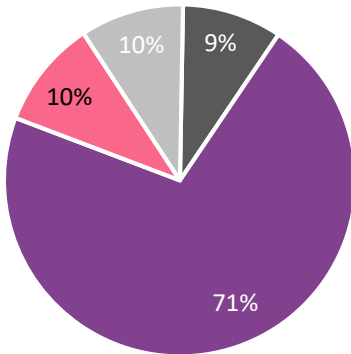
€13M+
Revenues*



Mobile revenue growth Q2 vs. Q4 2020E



■ Browser ■ Client ■ Mobile ■ Console

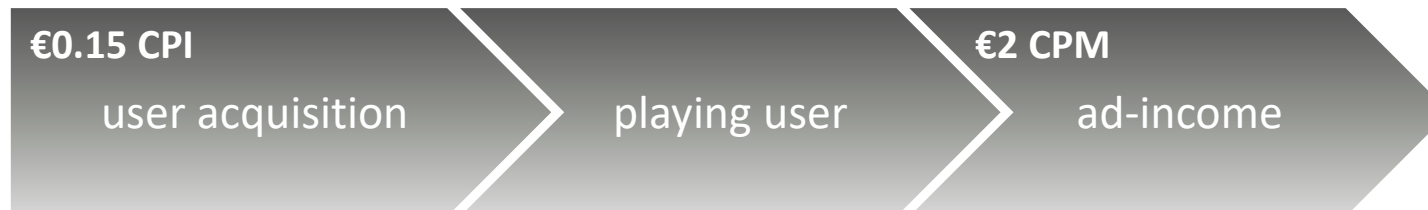


■ Browser ■ Client ■ Mobile ■ Console

Example advertising based mobile casual games

Games and media combined: optimizing the value chain

Gaming alone (gamigo)

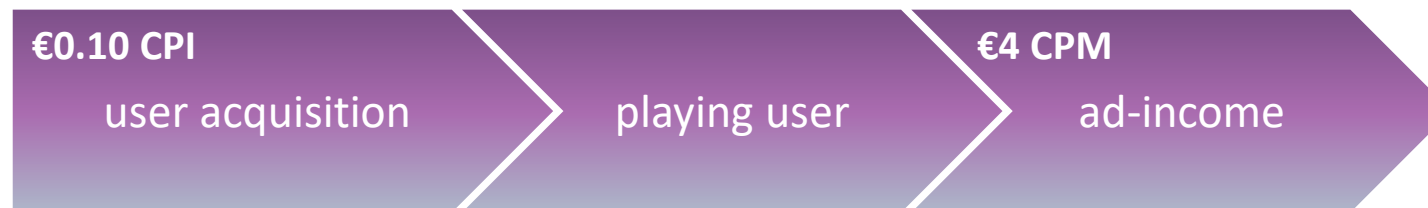


For break even:

75 ad-views

versus

Gaming and media combined (Media and Games Invest plc)



Efficiency improved by

+200%

25 ad-views

Efficiency

High efficiency gain through gaming and media combined due to first party data and media traffic purchasing power at scale

Synergies

- Acquire players efficiently
- Monetize players (via ads only) as as good as possible

Result

200% higher efficiency with games combined with in-house media and faster reach of break even

In-house Media for ArcheAge Unchained Launch

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

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.

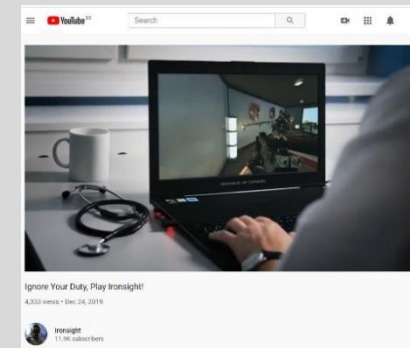
STRATEGY

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

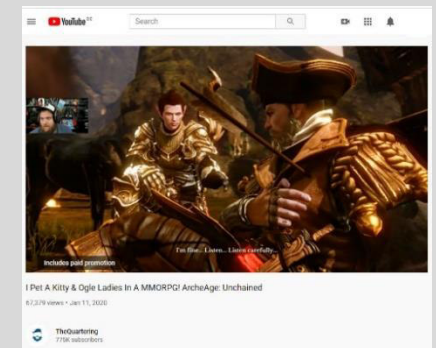
Approach

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

Video Spot Created In-House



Influencer booked In-House



RESULT:

+65

Influencer campaigns

2.4M

Views achieved





I. Introduction

INVESTMENT HIGHLIGHTS

II. Expansion outpaces booming market growth

III. Low risk business model and attractive positioning

IV. Synergy realization achieved across both business segments

V. Solid track record of value accretive M&A in both markets

VI. Recurring and diversified revenues promote stable profitability

APPENDIX

VII. Management & Board

VIII. Ownership & legal structure

IX. Other selected information



MGI “buy, integrate, build & improve”

Consequently implementing this strategy since 7 years, executing 30+ M&A cases

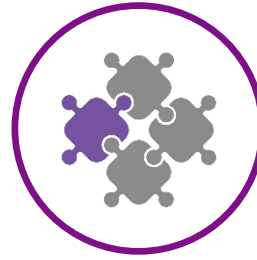
Buy



=
**Market consolidation
via M&A**

- M&A focus distressed & in-efficient companies
- Also M&A of accretive technology, product & customer bases.

Integrate



=
**Restructuring &
realizing synergies**

- Cost efficiency; unified management structure
- Technical integration; one platform & one cloud
- Cost savings; cancel or renegotiate contracts, merge offices

Build & Improve

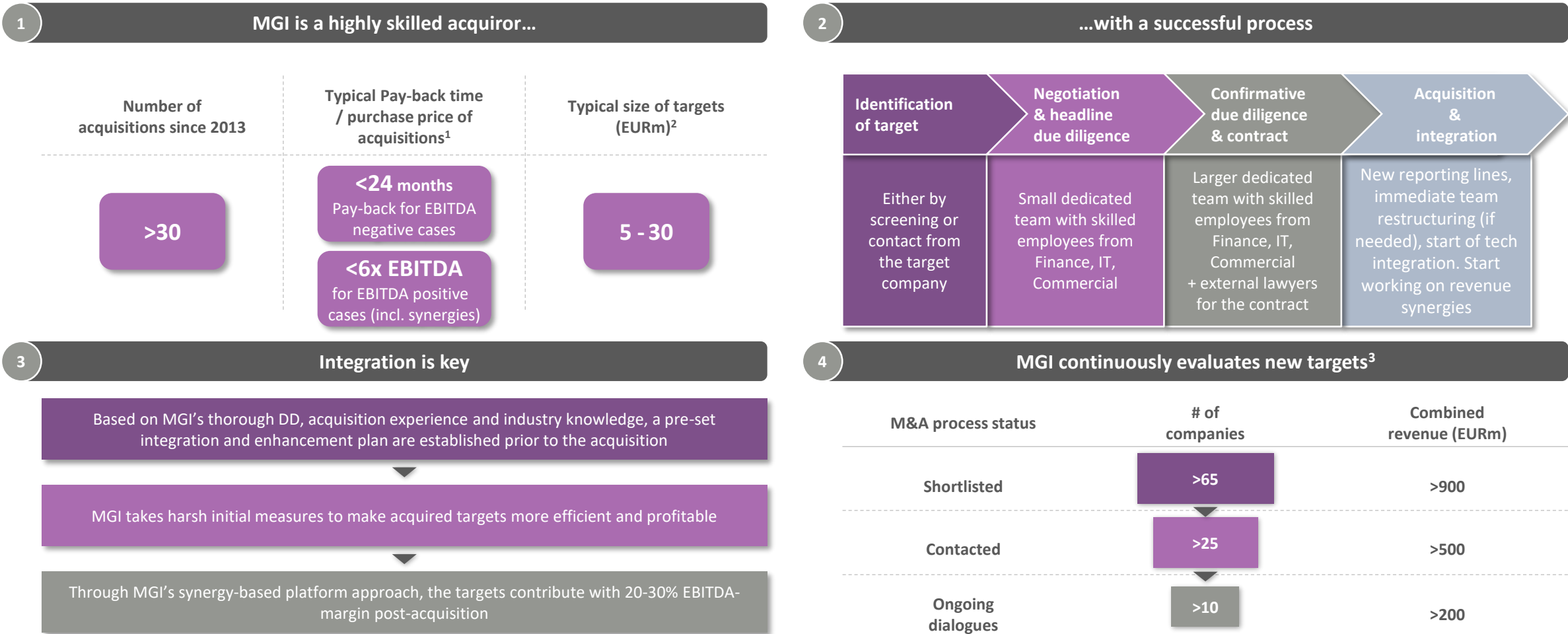


=
Organic sales growth

- Product and technology improvements
- Increase number of users and customers
- Internationalization

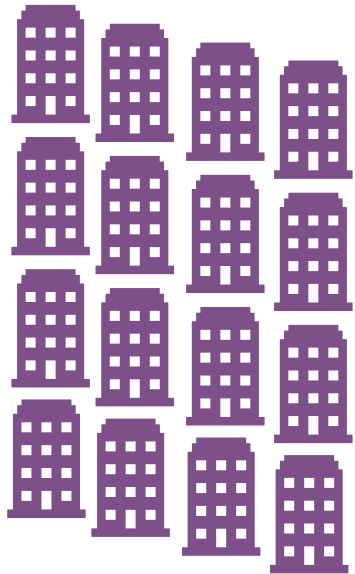
Successful M&A player

MGI’s M&A strategy has yielded high growth based on assets acquisitions and synergies with MGI’s scalable business model

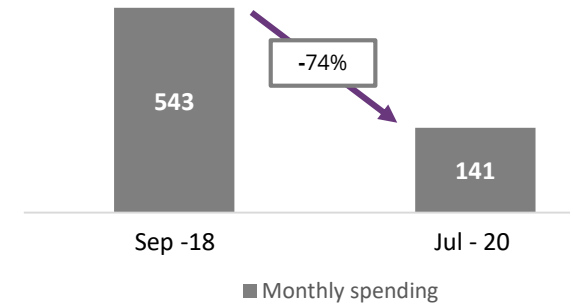


MGI “buy, integrate, build & improve”

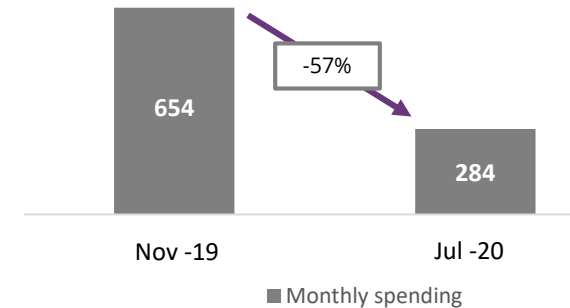
More cost control and efficiency through the use of state-of-the-art technology



Gaming (Trion) tech costs¹



Media (Verve) tech costs¹



Data centers:

- ❖ High fixed costs
- ❖ High personnel costs
- ❖ Capital-intensive investments



Use of Cloud Technology :

- ✓ Variable cost / scalable
- ✓ Low personnel costs
- ✓ No capital-intensive investments



Result:

- ✓ Massive cost savings and scalable
- ✓ Reduced risk
- ✓ Reduction of downtimes

MGI “buy, integrate, build & improve”

Growing games following successful integration



Trion Assets acquired
for EUR 8.5m in Oct 2018



€3.4m Investment in first 12 month in content,
sequels, advertising and Internationalization



Result: strong cashflow and
substantial organic growth
with strong margins



I. Introduction

INVESTMENT HIGHLIGHTS

II. Expansion outpaces booming market growth

III. Low risk business model and attractive positioning

IV. Synergy realization achieved across both business segments

V. Solid track record of value accretive M&A in both markets

VI. Recurring and diversified revenues promote stable profitability

APPENDIX

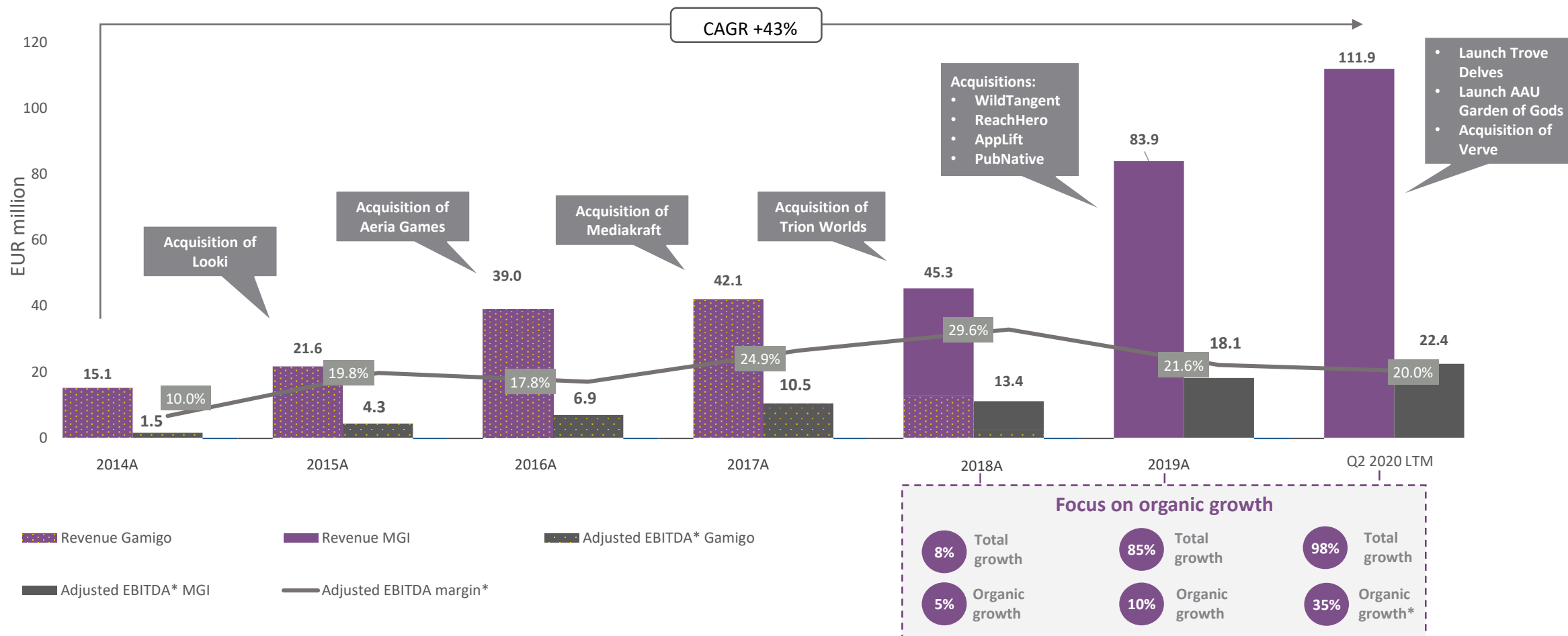
VII. Management & Board

VIII. Ownership & legal structure

IX. Other selected information

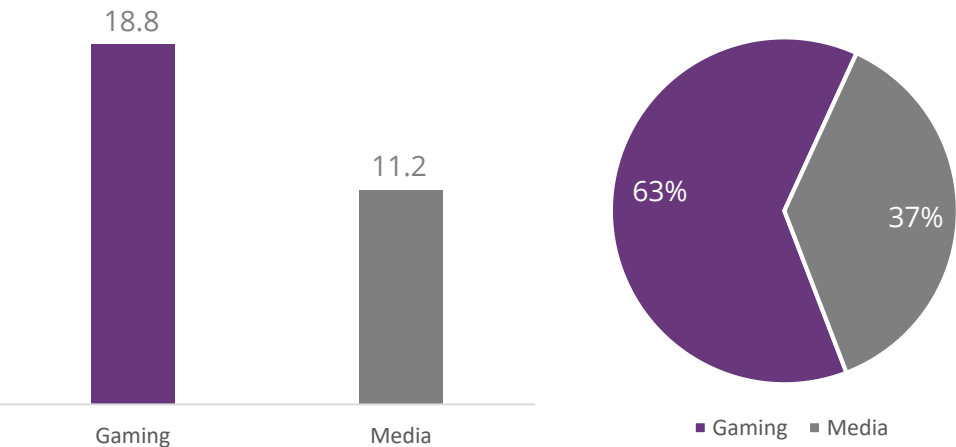


Revenue and EBITDA development

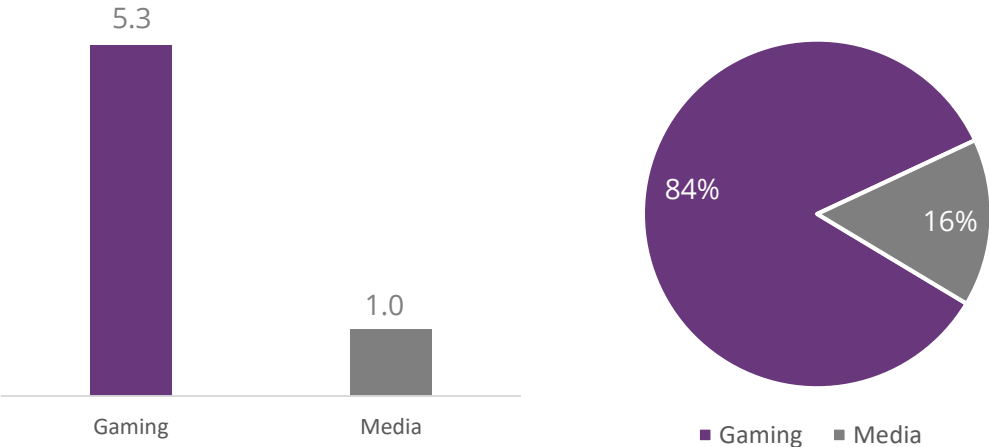


Segment and regional performance

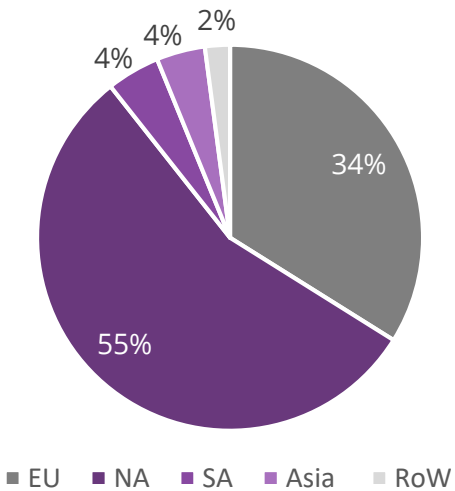
Q2 2020 Group revenue (mEUR)



Q2 2020 EBITDA (mEUR)



Q2 2020 revenue by region (mEUR)



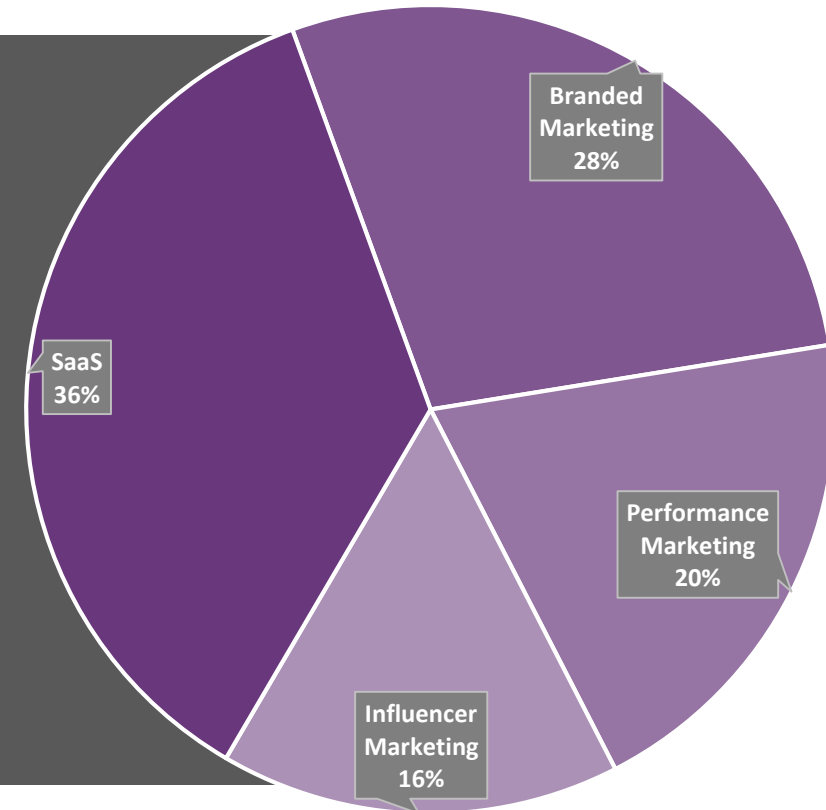
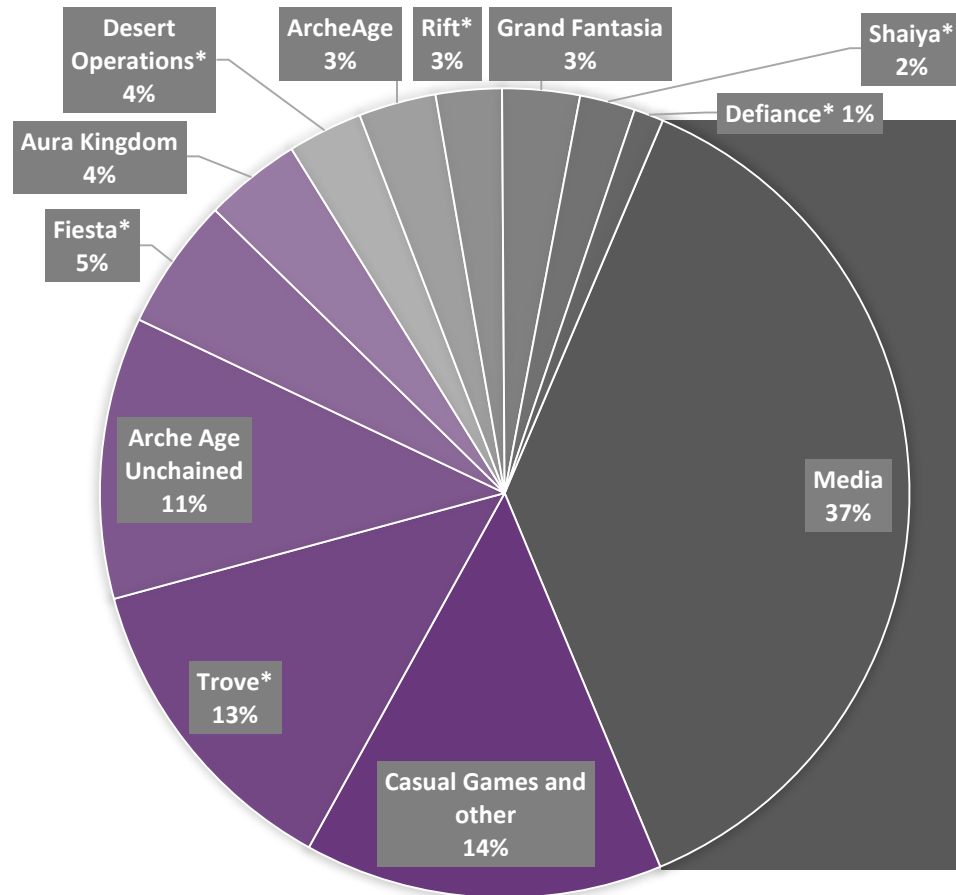
MGI's main markets



Diversified revenues

Q2 2020 Group Revenue

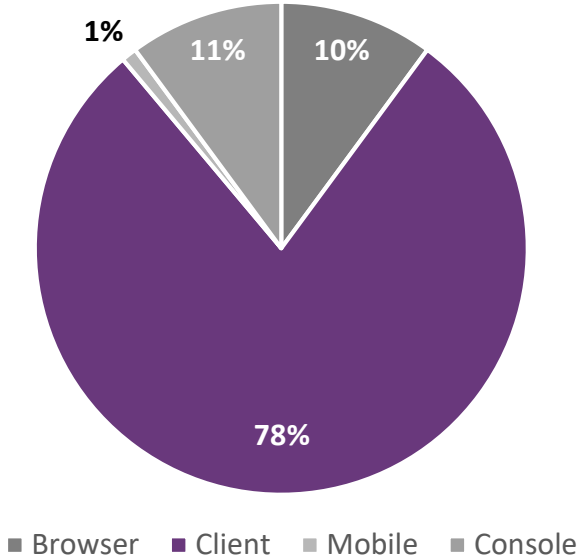
Q2 2020 Media Revenue



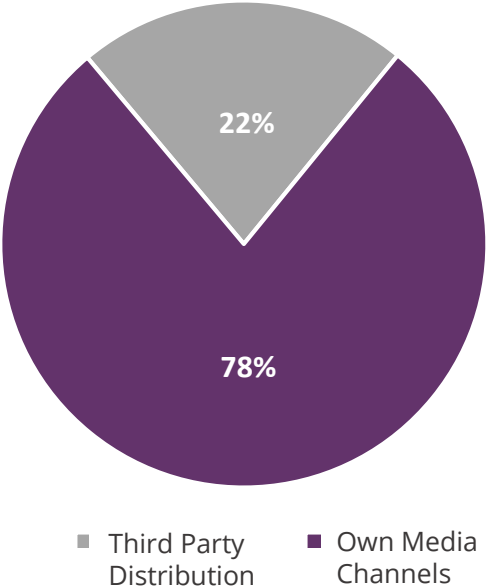
Note (*) IPs/Source Code owned by gamigo.

Games revenue split by device and region

Games revenue by device Q2 2020



Customer acquisition Q2 2020



Top 10 countries by revenues Q2 2020

1	USA	
2	Germany	
3	France	
4	Canada	
5	UK	
6	Brazil	
7	Australia	
8	Russia	
9	The Netherlands	
10	Spain	

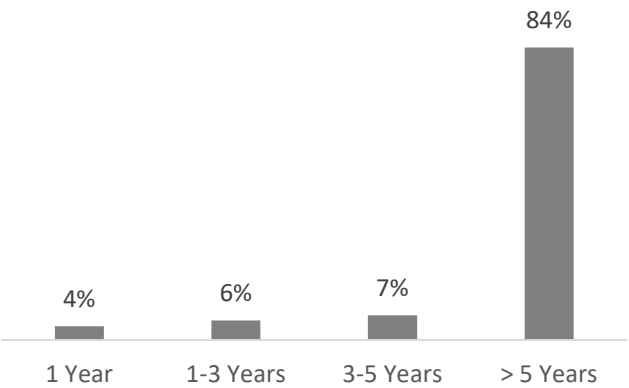
PC Client is the biggest vertical with strong recurring revenues due to social communities in MMO Games

Strong distribution channels through own media increases profitability

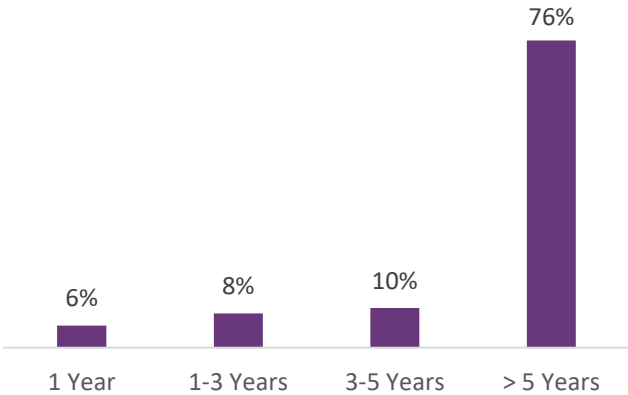
Top 3 countries accounts for 64% of the gaming revenues

Recurring gaming revenues for 5+ years (Q2'2020)

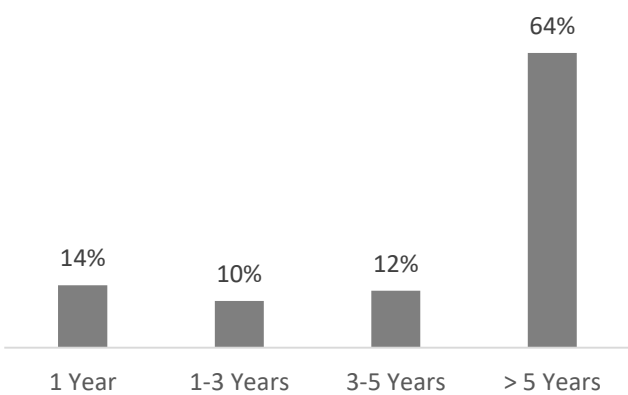
Desert Operations Global



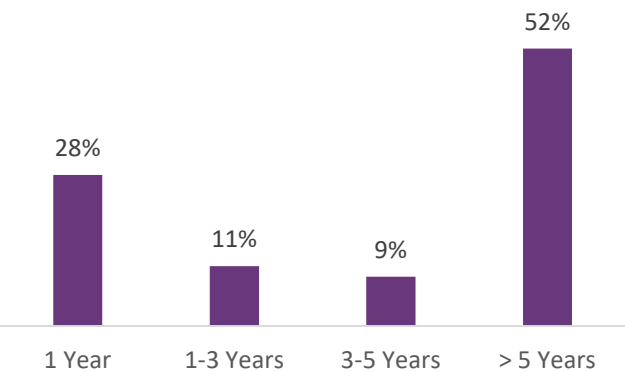
Deutschland-Spielt



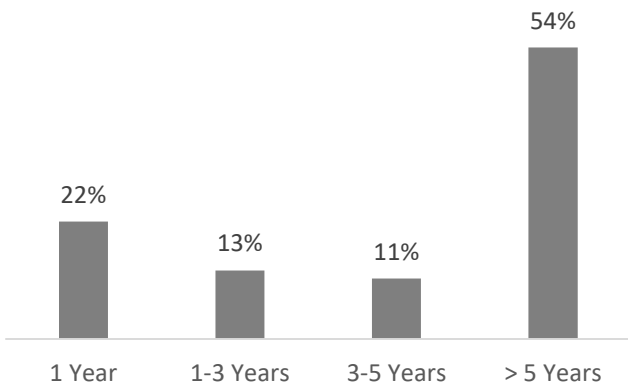
Fiesta Online Europe



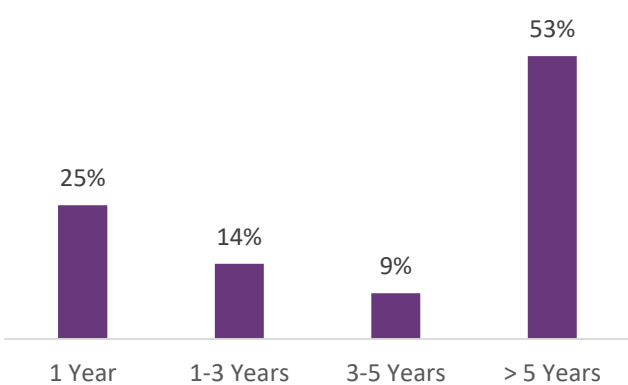
Last Chaos North America



Last Chaos Europe



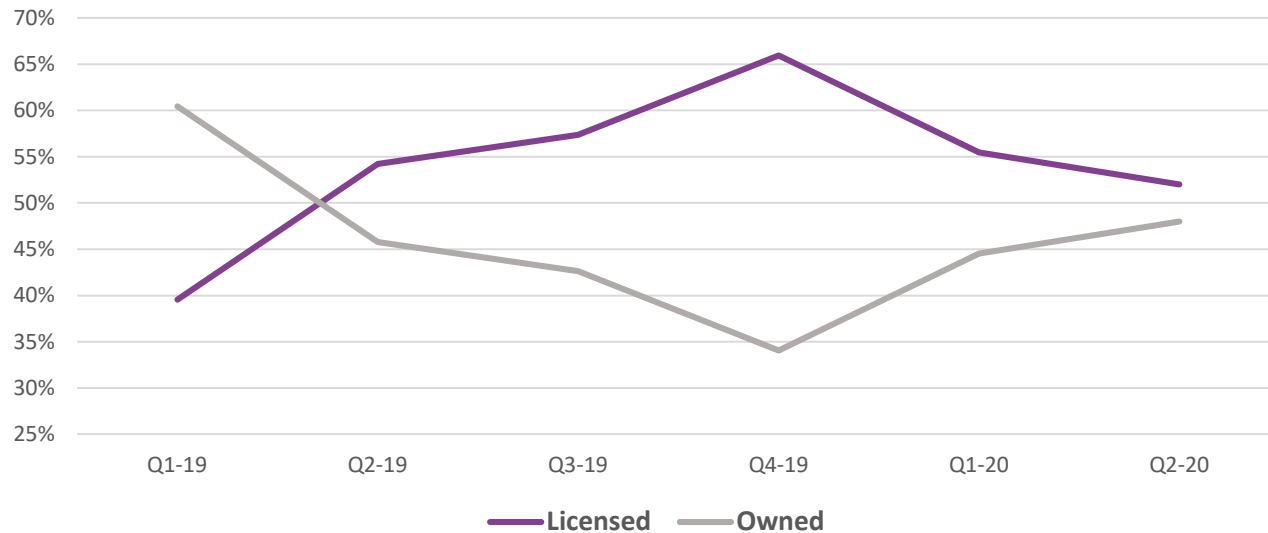
Fiesta Online North America



Licensed vs owned revenue

Organic growth through launches and content updates

Increasing focus on owned games in 2020



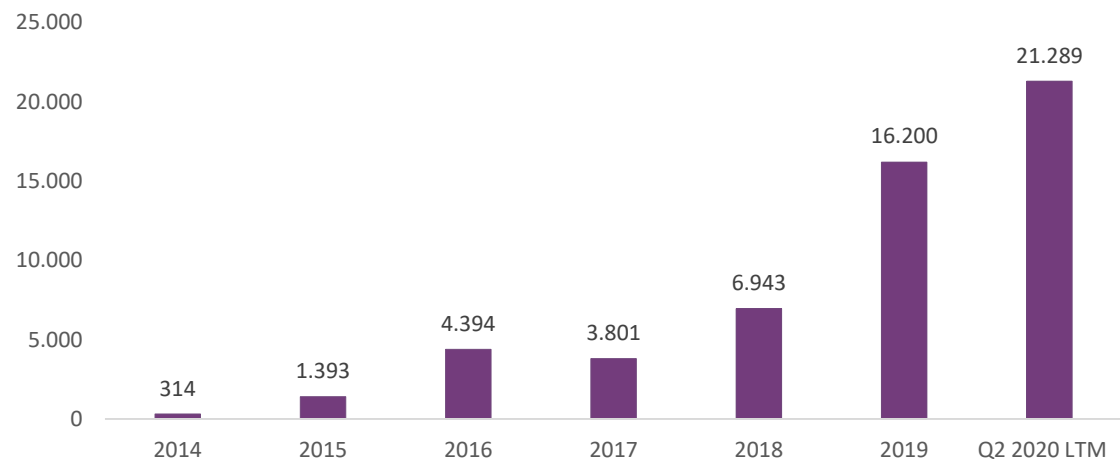
- ✓ Strong organic growth through licensed game launches in 2019
- ✓ Content updates in owned games drives organic growth in 2020



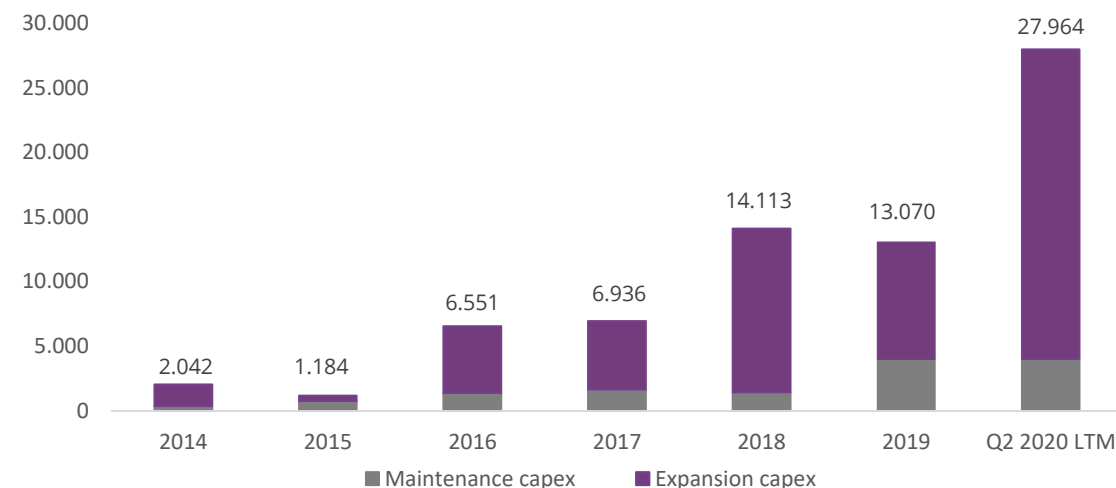
TRAVE
DELVES

Consolidated cash flow statement

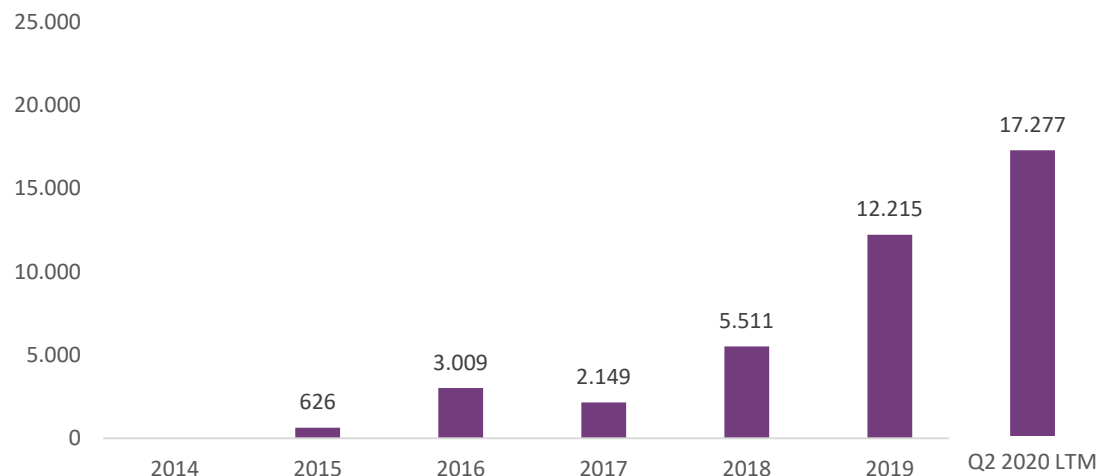
Operating cash flow¹



Capital expenditure¹



Adj. Free cash flow²



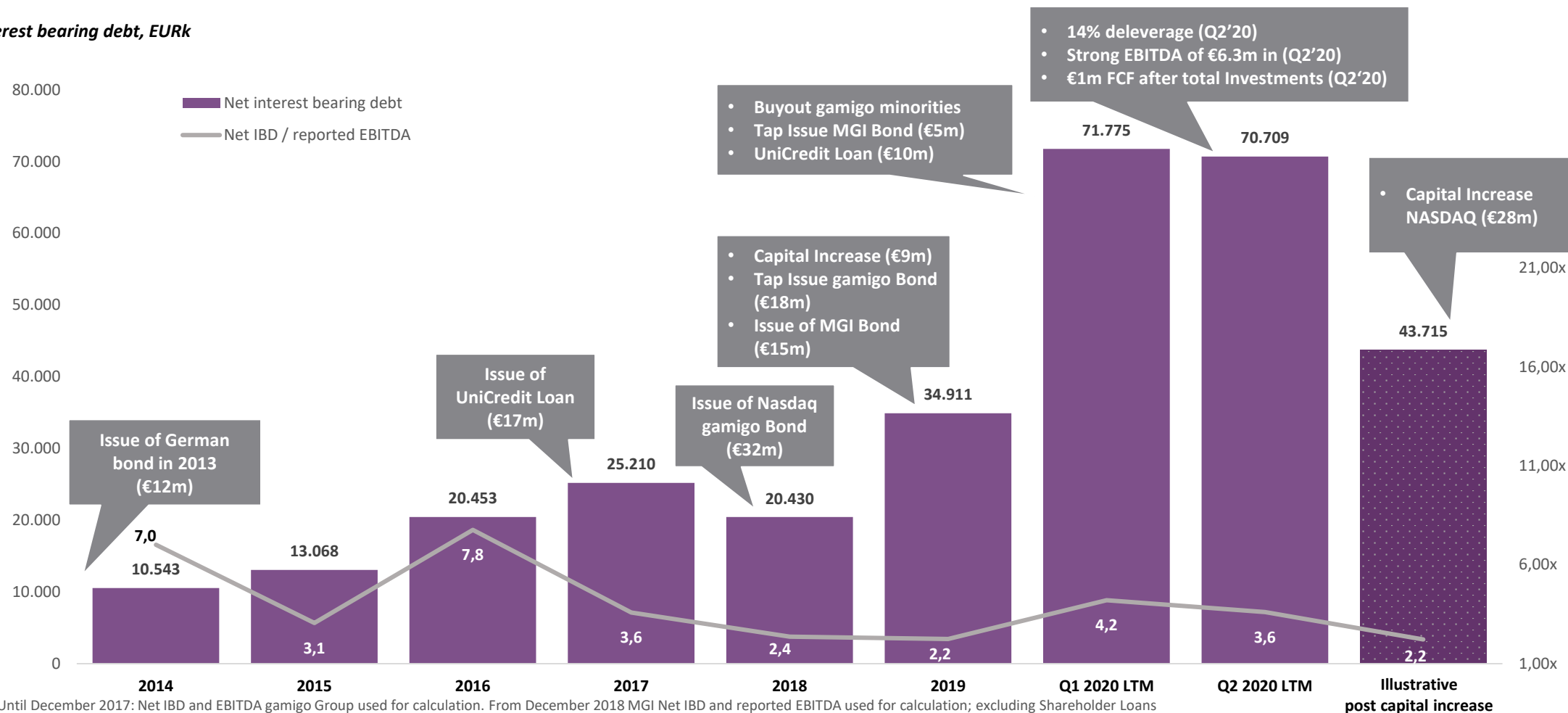
Highlights 2020

- **Operating Cashflow:** Strong increase of 86% in H1 2020 due to realized synergies with the gaming and media segment
- **Free Cashflow:** Strong increase in adj. FCF due to increasing operating cashflows while maintenance capex remained stable underscoring the strong cash generation of the Group
- **Expansion capex in LTM 2020:** The Verve M&A transactions and investments into media platforms led to an increase in Q2 2020 LTM while operating cashflow and adj. Free cash flow increased by EUR 5 million

Leverage development (2014 – Q2 2020)

Healthy credit metrics with a net leverage of 2.2x to reported EBITDA and 1.9x to adj. EBITDA

Net interest bearing debt, EURk

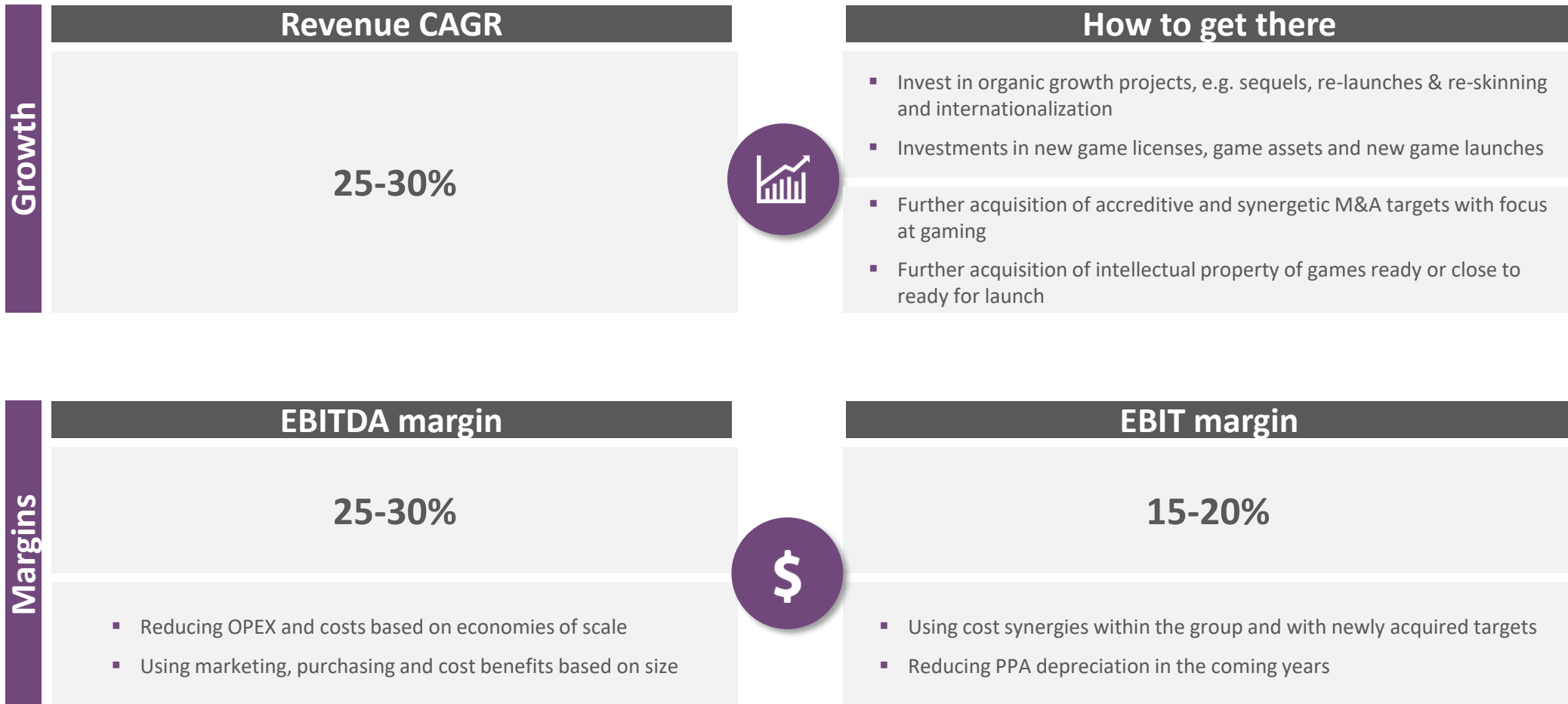


Short-term financial targets 2020

FY 2020 (P)		FY 2020 (P) by segment		Q2 2020 (A) by segment	
MGI Group	FY Revenue	Gaming	FY Revenue	Q2'20 Revenue (A)	Q2'20 Revenue (A)
	€115 – 125m		60%-70%		63%
	YoY growth		EBITDA Margin	EBITDA Margin (A)	EBITDA Margin (A)
	37% – 49%		25-30%		28%
	FY EBITDA	Media	FY Revenue	Q2'20 Revenue (A)	Q2'20 Revenue (A)
	€20 – 23m		30%-40%		37%
	YoY growth		EBITDA Margin	EBITDA Margin (A)	EBITDA Margin (A)
	29% – 48%		10-15%		9%



Mid-term financial targets



Further execution of our buy & build growth story

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

Low business risk focus

- Diversified revenue streams with no hit exposure
- Long term revenues from MMO games and media SaaS revenues
- No risky and capital-intense development of new games, launches based on licensed games

Focus on high growth markets gaming and media

- Focus on media and games, no new adventure
- Two segments with strong underlying market growth of +10% p.a.
- Fragmented markets with good M&A and organic growth opportunities

Focus on synergies within and between games and media segments

- Unified cloud platform to reduce infrastructure cost
- High volumes and purchasing power in media for efficient user acquisition for games
- Organic growth through new users for games and more advertising spaces in games

Focus on financial targets

- Further revenue growth of 25-30% p.a. with an EBITDA margin of 25-30%
- Focus on sustainability and shareholder value
- Mix of debt and equity to finance M&A with a net leverage target between 2-3x EBITDA



Media and Games
Invest plc

Thank You

