



KINGSISLE ACQUISITION

January 2021



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MGI acquires Kingsisle

Leading North American game developer and publishing platform with +50 million of registered gamers

- Transforming and **highly accretive** acquisition increasing EBITDA¹ by app. 60%
- Strengthens the **quality of earnings** in MGI's games segment
- Purchase price **USD 126 million** plus highly conditional **USD 84 million** earn out depending on revenue achievements
- Directed share issue to Oaktree Capital Management, LP ("**Oaktree**") of **EUR 25 million**
- Oaktree will hold about **9 percent of the MGI shares** on a fully diluted basis



"Wizard101, The Harry Potter Of Online Games"
Forbes

A multiple award-winning studio



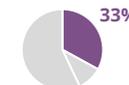
Note 1) Based on Pro Forma Financials Jan-Sep 2020 (unaudited). Carve out of mobile business not related to Wizard and Pirate 101 and adjusted to pre Covid MMO revenue growth rates from 2019 applied for Jan - Sep 2020 while full operating expenses from the MMO business of 2020 have been included.

Today's presenters and ownership structure

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

Shareholders (fully diluted)

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.



OAKTREE



Oaktree Capital Management, LP is a USD 140bn diversified global asset manager. Oaktree has supported many European management teams growing their platform companies into recognized market leaders including the creation and development of multi-billion listed companies. Oaktree has been able to conclude the required share capital increase within a short period of time because of their high degree of familiarity with MGI and the European games & media sector.

Free float



The free float is composed of retail and institutional investors who bought the shares on the secondary market, as well as institutional investors from the EUR 8 million capital increase in July 2019 and the EUR 29 million share issue that took place in September 2020, including UBS, Skandia Fonder, Atlant Fonder and Knutsson Holdings.



Remco Westermann



CEO & Chairman of the Board since 2012

- Manager, entrepreneur and investors with more than 25 years of experience from various leadership positions
- **Holdings in MGI:** 43,179,501 shares



Paul Echt



CFO since 2018

- Finance manager with more than 10 years of experience in the tech and finance industry
- **Holdings in MGI:** 500,000 phantom stock



Jens Knauber



COO since 2017

- More than 10 years experience as manager in the gaming industry – over 300 published games
- **Holdings in MGI:** 2,550,000 phantom stock



I. Introduction KingsIsle

II. Games overview

III. Growth Strategy

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KingsIsle at a glance

Leading North American game developer and publishing platform with +50 million of registered gamers

Key facts

- ▶ KingsIsle, based in Austin, Texas, is a leading game developer and publisher founded in 2005
- ▶ Adding a strong team of +80 highly experienced employees bringing further expertise to the group
- ▶ Two MMORPG's with strong IP's and lifetime revenues of USD +400m
- ▶ +5 years player lifetimes bring high stickiness and stable cash flows
- ▶ Games offering a choice of either a subscription or a "Free-to-Play" option with microtransactions
- ▶ Revenue mainly generated in the NA market, with strong growth potential worldwide
- ▶ Ample potential derived from launching the game on console as well as developing a mobile version
- ▶ Loss making mobile activities are excluded, while the mobile IP rights of the games are included

Key people managing KingsIsle for +10 years

Leah Ruben

Director Games



Experience:

- Works for KingsIsle since 2007 
- +20 years of experience developing and maintaining MMOs and Launching Wizard
- +5 years at Sony worked on the EverQuest MMO and various other positions
- BsC in Psychology, Cum Laude from University in Nevada Reno

Emil Ramirez

Director of Technology

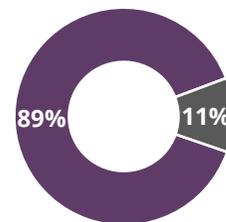


Experience:

- Works for KingsIsle since 2006 
- Build the BI and Datawarehouse of KingsIsle; providing in-depth data
- +20 years of experience as a senior engineer in TMT and gaming sector
- MSEE in Electrical Engineering from Texas A&M University

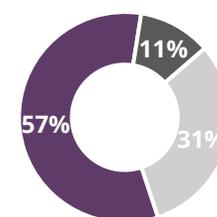
"I'm thrilled that MGI, Gamigo and KingsIsle share the desire to grow our MMOs through the next decade and beyond. I'm looking forward to sustainable growth and leveraging new opportunities to grow our products.", says Leah Ruben, Director Games KingsIsle.

Revenue Q1-Q3 2020 - Split by region



■ US ■ RoW

Revenue Q1-Q3 2020 - By source

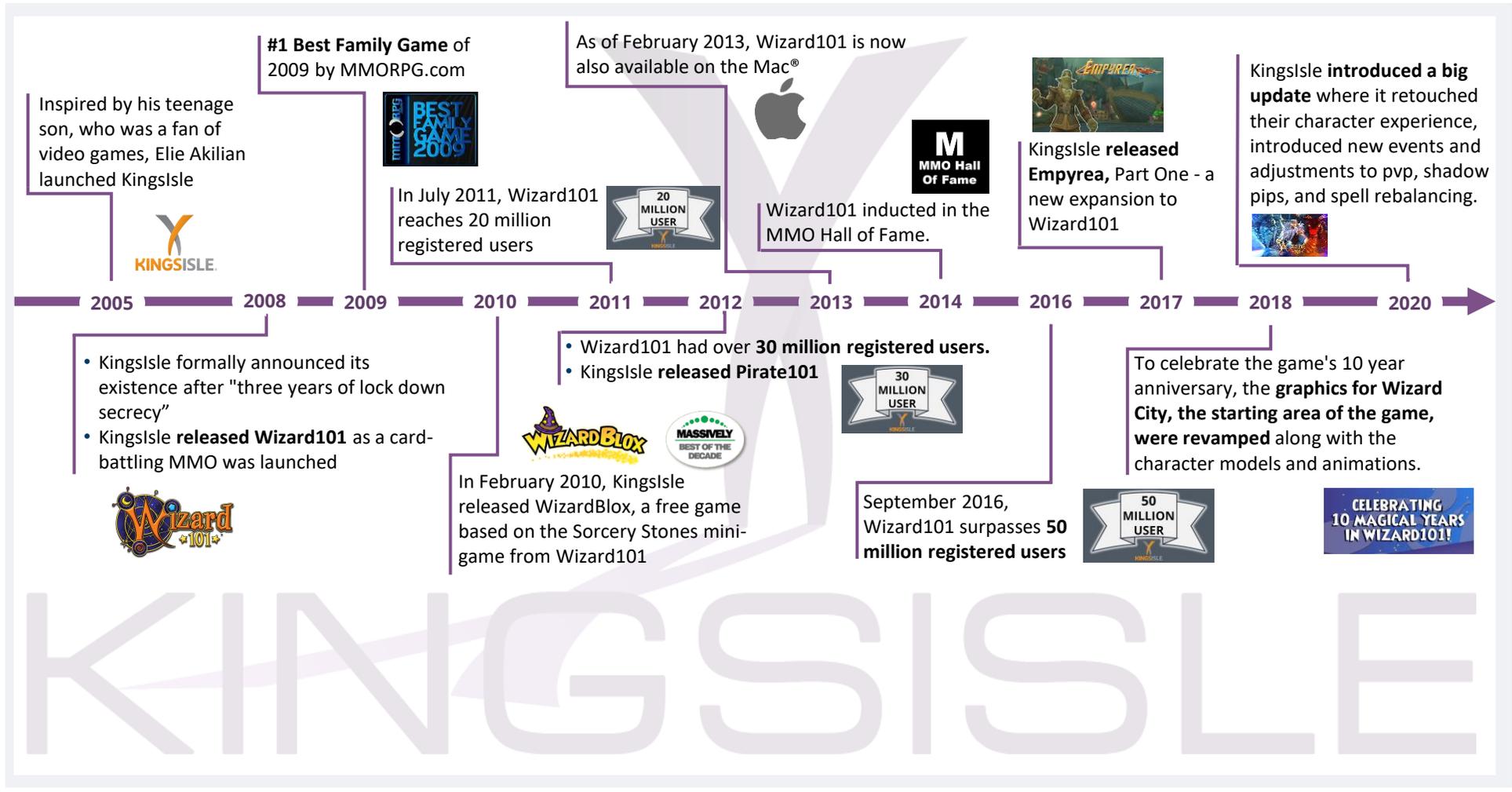


■ Subscription Sales ■ In-Game Sales ■ Other

Source: Group information

KingsIsle Milestones

Company accomplishments from inception to current day





I. Introduction KingsIsle

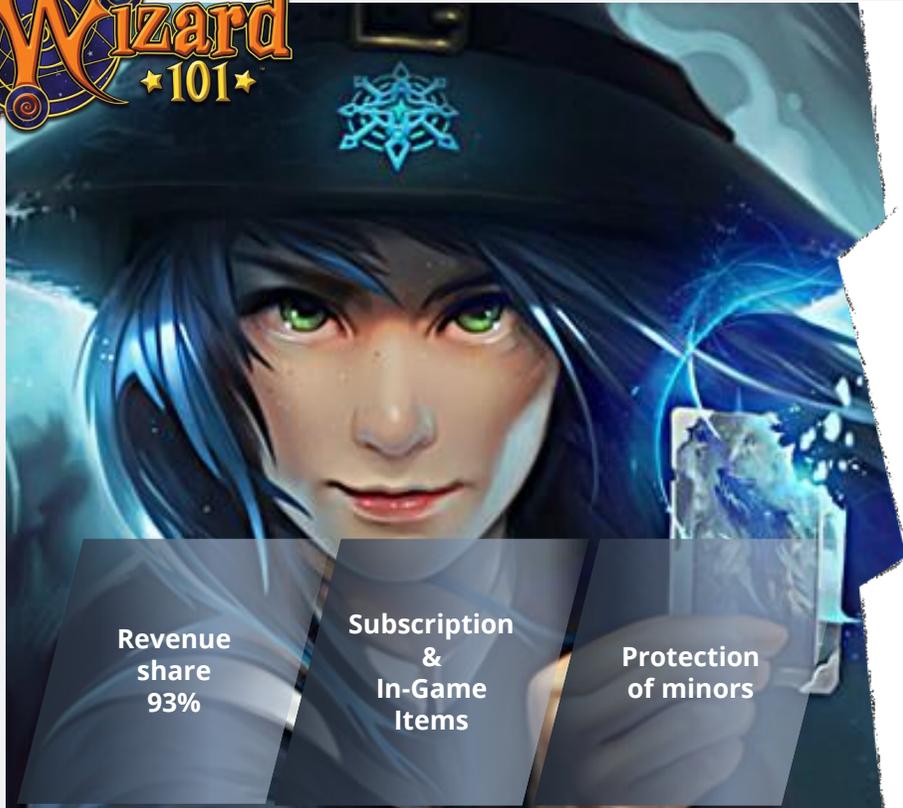
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Two strong MMO Games with fully owned IP's

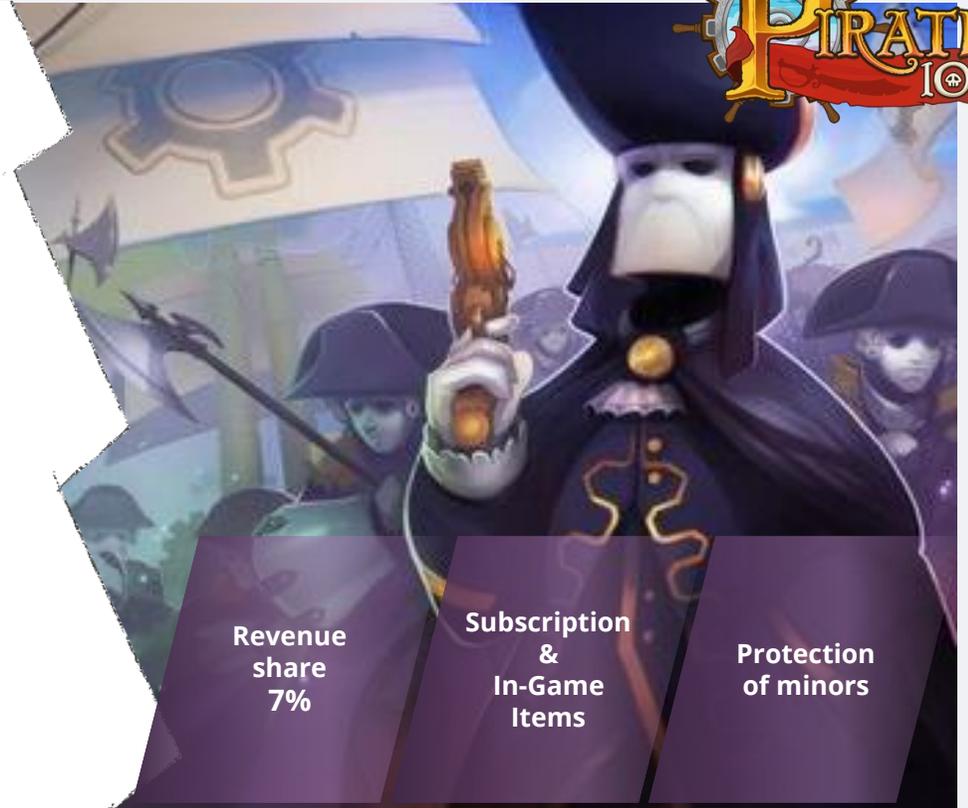


Revenue share
93%

Subscription &
In-Game Items

Protection of minors

Players take on the role of students of Ravenwood School of Magical Arts in order to save the Spiral, the fictional galaxy.



Revenue share
7%

Subscription &
In-Game Items

Protection of minors

The main storyline takes the player through Skull Island. A young pirate orphan rebelling against tyranny.

Wizard101: *The Harry Potter Of Online Games*

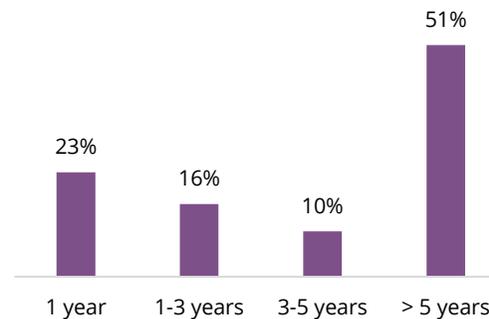
A dedicated customer base with multi-year relationships

Massively Multi-player Game



- An colorful MMORPG, first launched 2008
- Community: Players collaborate and build lasting relationships
- Interactive: Meaningful character evolution and exciting fully-voiced narrative
- Expansive World: Thousands of hours of diverse and engaging game content

Recurring revenues¹



- Over 50% of revenues from players who playing over 5 years; suggesting high stickiness
- Free2Play MMO; around 15% of new players are converted to paying users
- Multiple diverse points of sale: subscription, in-game transactions, and retail packages

Substantial revenues

USD +375m revenues

+50m gamers

- Wizard101 has generated more than USD 375m in revenues since release 13 years ago
- +50 m user accounts created since launch
- Target Group: 20 -35 years old, male and female audience

Wizard101 is a life-brand title for core users who continuously engage and monetize over the last decade

Pirate101: An engaging sister title in a new setting

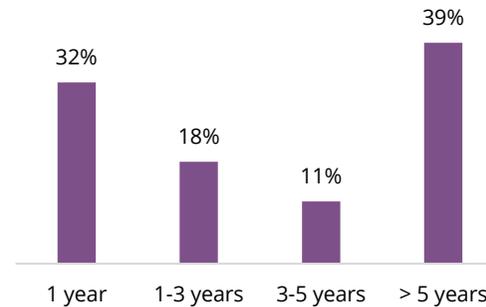
Turn-based exploration MMORPG with an expansive atmosphere and engaging content

Massively Multi-player Game



- Spin-off MMORPG from Wizard101: Released in 2012
- Adventure: Search for treasures within the Spiral
- Engaging: Bright aesthetics and turn-based combat
- Family-friendly: Focus on a younger demographic but fun for everyone

Recurring revenues¹



- 39% of revenues from players who have been active in the same game for over 5 years
- Free2Play MMO; around 11% of new players are converted to paying users
- Premium currency (Crowns) shared between Wizard101 and Pirate101

Substantial revenues

USD +25m revenues

+7.5m gamers

- Pirate101 has generated approximately USD +25m in revenues since release 8 years ago
- +7.5m user accounts created since launch
- Target Group: 20 - 30 years old, male and female audience

Pirate101 is a successor title to Wizard101 that hits the high notes and leaves a lasting impression



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Games offer significant organic growth opportunities

Organic growth, geographic expansion, licensing deals, platform extensions

1

Expansion through Internationalization

- Expanding the game in new territories by self publishing and with third party publishers
- Leverage Gamigo's inhouse publishing competence to improve localization and international customers satisfaction
- Aggressively increase geographic penetration beyond just the US, the game's current dominant key market

2

Launch across new channels and platforms

- Expand IP to mobile and introduce version to console gamers to maximize reach and cross-platform playability
- Double down on mobile to provide more convenient and immediate access to the Wizard101 community members
- Port to console, to build on top of massive popularity amongst young audience

3

Organic revenue growth through active user management

- Leverage MGI's strong media expertise, both internally in the games as well as in the media segment
- Focus on regular content updates to continue to drive engagement and monetization performance
- Expand local US management capacity; further synergies for gamigo's existing games catalog

4

Sustainable growth combined with synergies

- Integrate into gamigo organization and create synergies while maintaining strong independence and self-reliance
- Continue focus on sustainable revenue generation and benefit from untapped growth opportunities
- Apply sound cost management with eye on continued EBITDA contributions to overall organization

Expand upon a winning formula to continue to grow user base, revenues and EBITDA



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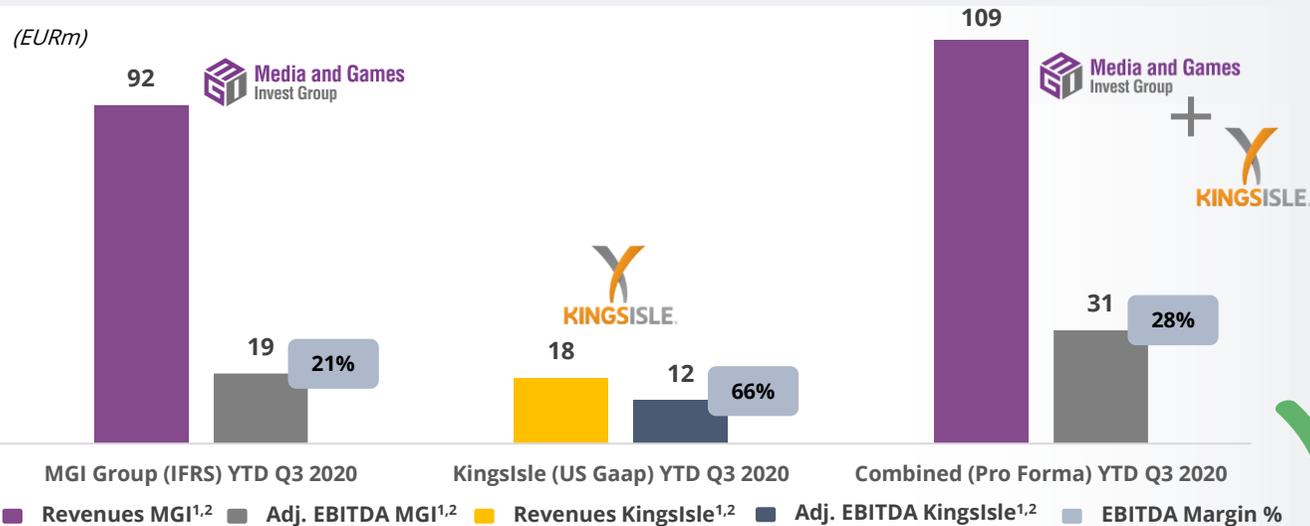
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Pro Forma Financials Jan-Sep 2020 (unaudited)

KingsIsle is transformative for MGI adding about 60% Group EBITDA YTD



Comments

- The transaction is **transformative** for MGI as it will materially increase the size and profitability of MGI Group, **adding about 60% Group EBITDA** on a pro forma basis (YTD Q3 2020)
- The fully owned Massive-Multiplayer-Games Wizard101 and Pirate101 are having very loyal communities and as such also **very sustainable revenues**.
- The **66 percent EBITDA margin** of KingsIsle is achieved by combining the attractive size of the games with a highly efficient cost structure
- The combined adj. **EBITDA margin** increased from **21% to 28%**

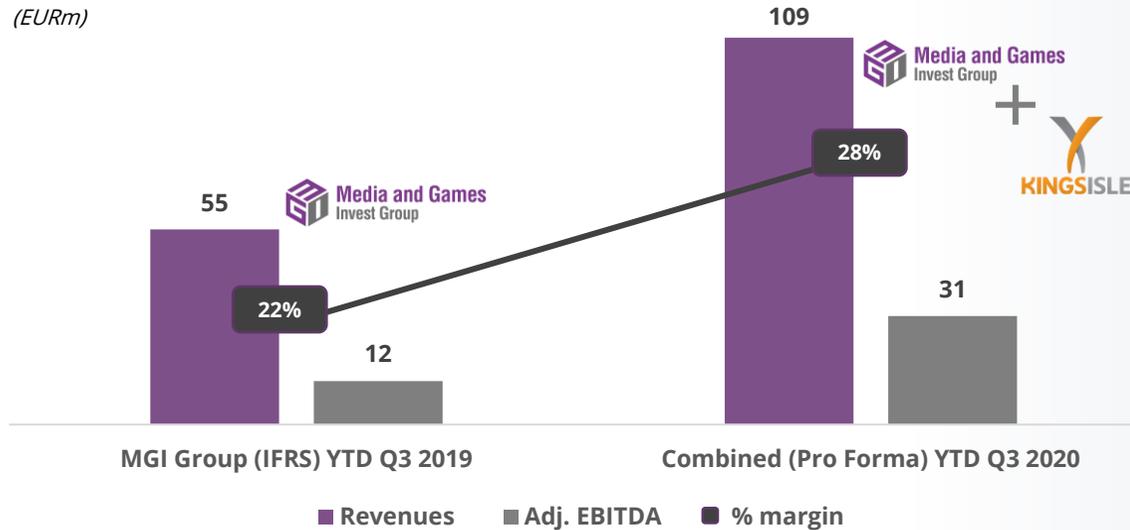
Revenues
+20%

Adj. EBITDA
+63%

Note (1): Carve out of mobile business not related to the acquired IP's and adjusted to pre Covid MMO revenue growth rates from 2019 applied for Jan – Sep 2020 while full operating expenses from the MMOG business of 2020 have been included. **Note (2)** Numbers may not add up due to rounding

Pro Forma Financials Jan-Sep 2019 vs 2020

Kingsisle is transformative for MGI with a YoY EBITDA growth of +158%



Comments

- The combined pro forma **revenues** Jan-Sep 2020 grow YoY by **+98%** to EUR 109m^{1,2}
- The combined pro forma adj. **EBITDA** Jan-Sep 2020 grow YoY by **+158%** to EUR 31m^{1,2}
- The combined adj. **EBITDA margin** increased YoY from **22% to 28%**

2020 vs. 2019
(Jan-Sep)

**Revenues
+98% YoY**

**Adj. EBITDA
+158% YoY**

Note (1): Carve out of mobile business not related to the acquired IP's and adjusted to pre Covid MMO revenue growth rates from 2019 applied for Jan – Sep 2020 while full operating expenses from the MMOG business of 2020 have been included. **Note (2)** Numbers may not add up due to rounding

Purchase Price USD 126 million plus earn-outs

The fixed Consideration represents an EV/EBITDA multiple of 6.0x

Transaction structure

Purchase price table	USDm	EV/EBITDA
Closing Consideration Payment	63	3.0x¹
Deferred cash consideration	63	3.0x¹
<i>(i) Deferred payment on 30 June 2021</i>	25,2	4.2x ¹
<i>(ii) Deferred payment on 31 December 2021</i>	12,6	4.8x ¹
<i>(iii) Deferred payment on 30 June 2022</i>	25,2	6.0x ¹
Total fixed consideration	126	6.0x¹
Earn out consideration	84	
<i>(i) Earn Out, if revenue 2021 ranges between USD 30-35m</i>	10	6.5x ¹
<i>(ii) Earn Out if revenue 2021 is more than USD 35m</i>	32	7.3x ²
<i>(iii) Earn Out, if revenue 2021 is more than USD 55m</i>	42	5.8x ³
Up to total consideration	210	5.8x³

Note: 1) Based on the current EBITDA Guidance 2) Based on USD 23m EBITDA 3) Based on USD 36m EBITDA



- **FY 2021 Guidance for Kingsisle:** Revenues of USD 32 million; EBITDA of USD 21 million
- The fixed Consideration represents an **EV/EBITDA multiple of 6.0x¹**
- Taking into account the **Earn-Out** Consideration, the EV/EBITDA multiple may differ to a range of **5.8x – 7.3x^{1,2,3}**
- The fixed deferred Consideration will be **paid using liquidity and cash flow** of the MGI Group



Oaktree Capital Management, LP (“Oaktree”)

Strategic new minority anchor investor enables the KingsIsle acquisition holding now ~9% of MGI

Oaktree



- US Investment firm HQ in Los Angeles
- USD 140bn under management as of 30 September 2020
- MGI investment was made from the € 1 billion European PE Fund
- Long-term Investment horizon of 3-5 years
- Strong track record of public market transactions building multi-billion listed companies

Transaction rationales

- Able to conclude the capital increase within a short period of time because of their high degree of familiarity with MGI, enabled acquisition of KingsIsle
- MGI has a strong M&A track record and can focus with Oaktree on more mid-sized targets like KingsIsle
- Aim of Oaktree is to support MGI in developing into one of the leading European Games and Digital Advertising players
- Decreasing the valuation gap to listed gaming peers over time

Capital Increase

- Proceeds of EUR 25m to finance part of the KingsIsle transaction
- 11,676,241 new shares which will be listed on Nasdaq FN Premier
- Amount of MGI shares will increase to 128,749,748 shares
- Agreed on a lock up of 6-months with an investment horizon of 3-5 years
- Market Cap Increases to +350mn EUR (+3.6bn SEK)

“We are excited to partner with MGI. MGI’s diversified model reduces the dependence on individual games. Its ability to acquire successful games, integrate and upgrade them over time will lead to attractive, more stable long-term income. MGI’s track record and growing scale will allow it to focus on more mid-sized companies which should accelerate growth. The recent investment in the various media assets has begun to show attractive margin and revenue expansions, which we believe should continue over time. Having the media competence in-house has become a decisive asset to grow revenue at comparably lower cost.”



Hermann T. Dambach
Managing Director
Oaktree Capital

Prudent mid-term financial targets 2021...

 Revenue CAGR	 EBITDA margin	 EBIT margin	 Net leverage
25-30%	25-30%	15-20%	2-3x



Source: Group information

...and additional highlights

Relocation to Luxembourg

2 New Mobile Games

Acquisition of LKQD (connected TV)

**Introduction of B shares
ESOP for Key employees**

Board & CFO buys shares for €350.000+



