



# Pareto Gaming Seminar 2021

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## I. Introduction

II. Business overview

III. Strategy

IV. Financial performance



# Today's presenters and ownership structure

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



## 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 M.A. in Business Management and Bachelor of Laws
- **Holdings in MGI:** 42,320 shares and 1,500,000 phantom stock



## Shareholdings (149,679,980 shares<sup>1)2</sup>

### Remco Westermann



Remco Westermann holds his MGI shares via the German holding company Bodhivas GmbH<sup>3</sup>. 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.



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.

Janus Henderson Investors is a global asset manager with EUR 340bn assets under management who take an active investment approach in the most compelling opportunities in the market and is also active in some of MGIs peers.

### 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, the EUR 29 million share issue in September 2020, and the 21 million share issue in May 2021, including Skandia Fonder, Atlant Fonder, BMO Global Asset Management, Didner & Gerge Fonder and Knutsson Holdings.

Source: Group Information

Note: 1) Number of shares after directed share issue in May 2021 (2) To hire top key employees as well as retaining employees the board has decided to launch a ESOP program and to allow for the issuance of up to 15 million new MGI shares, earliest from May 2024 and latest till December 2030 via an option at a strike price of minimal Euro 2.60 per share. (3) Bodhivas GmbH has obligations outstanding from a capital increase in 2019 towards investors which can buy shares in the amount of up to 1.3 million at 1.20 euro per share

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# Financial Highlights Q1 2021

## The Group's quarterly performance



Source: Group information

## Major acquisitions



**KINGSISLE.**

*"Wizard101, The Harry Potter Of Online Games"*

**Forbes**



**LKQD**

*Nexstar digitals connected TV Platform reaching over 200 million unique monthly users*

# Introduction to Media and Games Invest

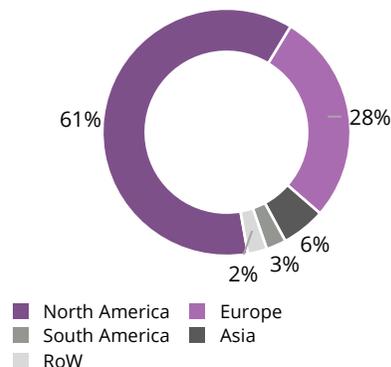
A leading European gaming and digital media powerhouse serving customers worldwide

## Key facts

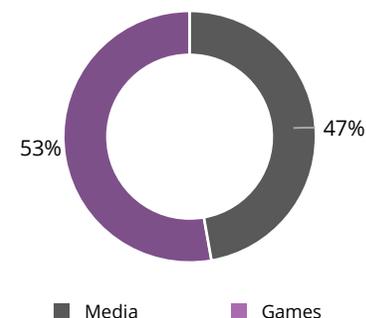
- +30 M&A** Transaction since 2012
- EUR ~600m** Market cap
- Listed** on Frankfurt Stock Exchange and NASDAQ First North Premier Stockholm
- +800** Employees
- +10** Top MMOs<sup>1</sup>  
**+5,000** Casual games
- +100m** Registered gamers
- +111bn** ads delivered yearly
- +5,000** Advertisers

## Key revenue splits

Revenues by region (Q1'21)

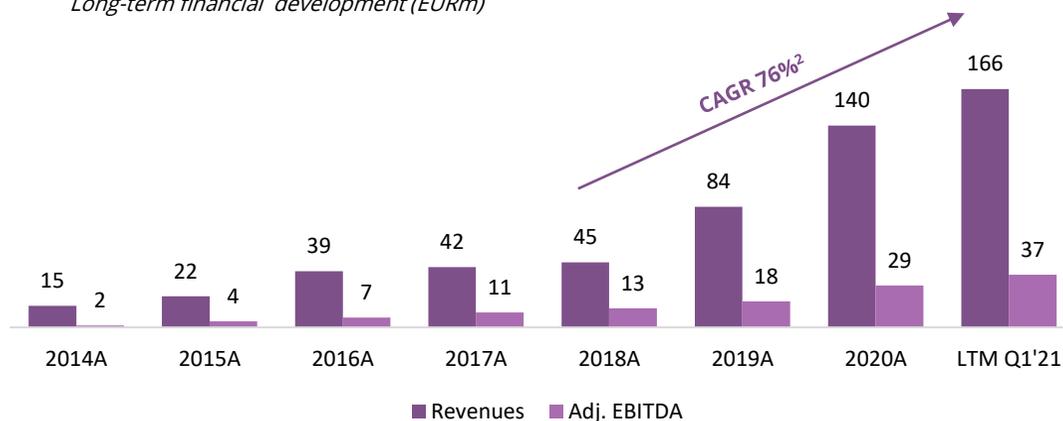


Revenues by segment (Q1'21)



## Key financial development

Long-term financial development (EURm)



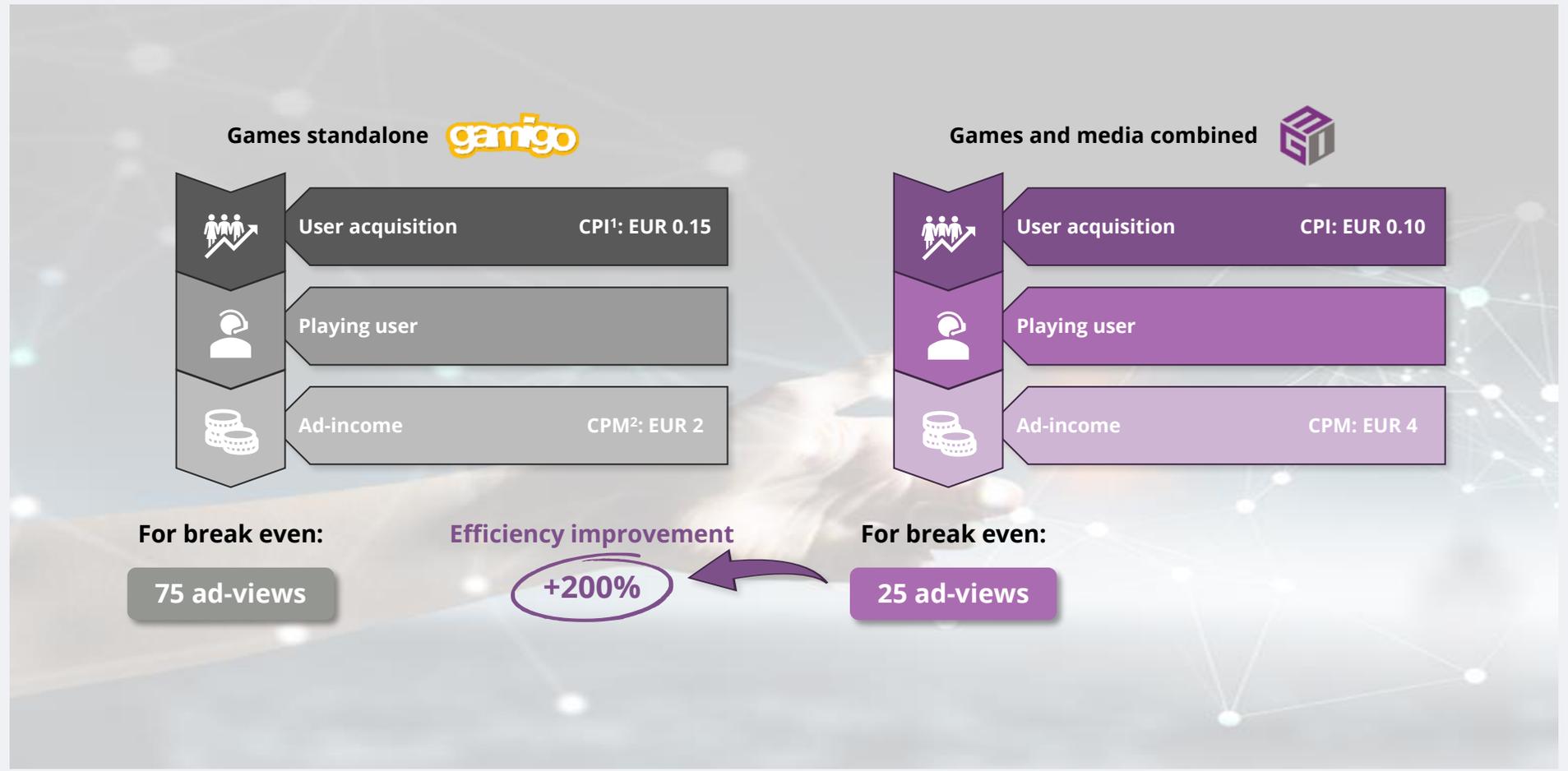
Source: Group information

Notes: 1) Massively Multiplayer Online games 2) CAGR 2018 - LTM Q1 2021

# High cost advantages through synergies

Reduced user acquisition cost combined with higher ad-income

## Games and media combined: optimising the value chain

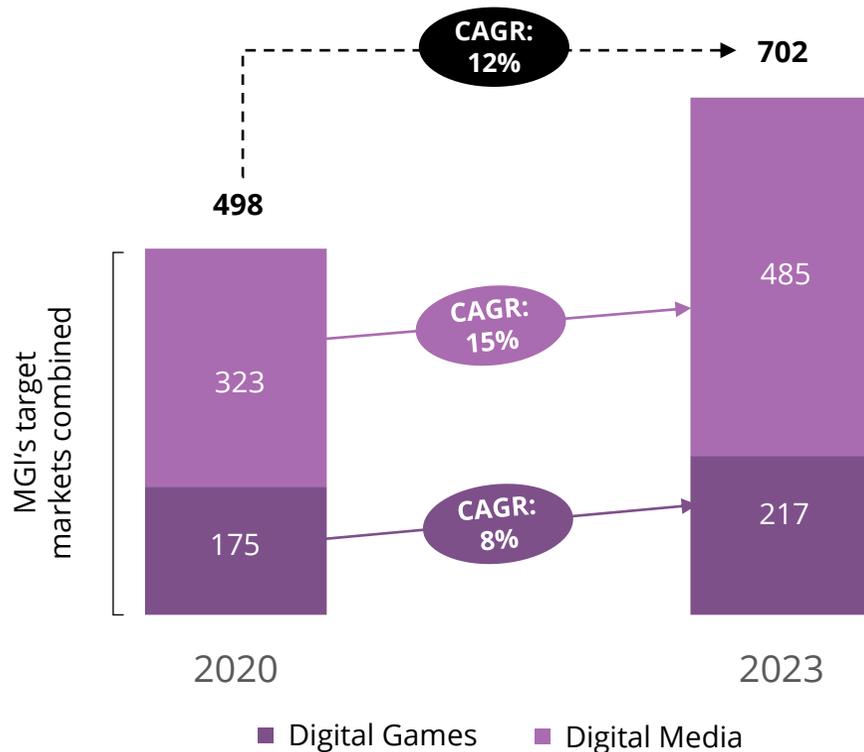


Source: Group information, example for a typical mobile game app promoted via paid ads, with income generated by paid ads, excluding any other costs  
Notes: 1) CPI = Cost Per Install, 2) CPM = Cost Per Thousand Impression

# Outperforming markets by combining "Media and Games"

Combining "Media and Games" results in 3.2x higher organic growth than the overall market

## MGI's addressable markets (\$ billion)



## The sum is greater than its parts (Q1 2021)



38% organic growth

*The result from a combination of:*

- ✓ Efficient user acquisition and placing ads in games
- ✓ Leveraging strong synergy potentials between markets
- ✓ Continuously improving internal operations efficiency

# Highlights Q1 2021

Initiatives in MGI's both segments facilitated strong revenue growth in the first quarter of 2021

<b>Games</b>	<b>Media</b>
<p><b>ACQUISITION OF KINGSISLE</b></p> <ul style="list-style-type: none"> <li>• With the acquisition of KingsIsle, we have added two strong games to our core portfolio.</li> <li>• Both IP's performed in Q1 2021 above plan</li> </ul>	<p><b>ACQUISITION OF LKQD</b></p> <ul style="list-style-type: none"> <li>• MGI acquired Nexstar Inc.'s digital video advertising technology platform via a US subsidiary</li> <li>• The digital video platform reaches over 200 million unique monthly users in the US</li> </ul>
<p><b>TROVE SOUTH KOREA</b></p> <ul style="list-style-type: none"> <li>• After a successful Closed Beta Phase in cooperation with our publishing partner Aprogen Games, the public servers for the Korean version of the popular voxel MMO Trove are live for our Korean players</li> </ul>	<p><b>LAUNCH IN JAPAN</b></p> <ul style="list-style-type: none"> <li>• Verve Group launches operations in Japan which signifies its commitment to serve local advertisers, brands, and agencies, backed by an experienced team on the ground</li> </ul>
<p><b>ECHO OF SOUL MASSIVE 3.0 UPDATE</b></p> <ul style="list-style-type: none"> <li>• gamigo released the massive 3.0 update for its epic fantasy MMORPG Echo of Soul. To begin with, Echo of Soul will now allow players to progress to level 99 with new equipment to hunt for.</li> </ul>	<p><b>NEW UNIFIED BRAND LAUNCH FOR VERVE GROUP</b></p> <ul style="list-style-type: none"> <li>• Launch of Verve Group's new brand identity, including a new logo, typeface, color palette, imagery, messaging, and website</li> </ul>
<p><b>ARCHEAGE AKASCH INVASION UPDATE</b></p> <ul style="list-style-type: none"> <li>• With the Akasch Invasion update this March, players gained access to the Gunslinger skillset.</li> <li>• The Gunslinger skillset introduces a total of 66 new classes to explore.</li> </ul>	<p><b>GROWTH OF MOBILE GAMES PUBLISHERS</b></p> <ul style="list-style-type: none"> <li>• Expanded games publisher partnerships with new clients such as Fuero Games</li> <li>• 10% increase in the share of revenues coming from games, in comparison to Q4 2020</li> </ul>

**97% revenue growth Q1'2021 YoY**

**94% revenue growth Q1'2021 YoY**

Source: Group information

# MGI's two segments

Q1 2021 financials at a glance

Games: Development and publishing

EUR 27.4m

Revenue

97%

YoY growth

EUR 10.9m

Adj. EBITDA

40%

Adj. EBITDA margin

Revenue steams

In-game purchases

Game subscriptions

Advertisement revenues



Brand



Media: User acquisition technology infrastructure

EUR 24.5m

Revenue

94%

YoY growth

EUR 2.6m

Adj. EBITDA

11%

Adj. EBITDA margin

Revenue steams

SaaS fees

Agency fees

Ad commission



Brand



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# Robust model enabling long-term value creation

"Buy, integrate, build & improve" strategy consequently implemented since 8 years

## Overview of MGI's strategy



### Market consolidation through prudent M&A strategy



#### Overall M&A strategy

Focusing on 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

Connected platforms and hybrid 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

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

>30

<24 months  
for EBITDA negative cases

<6x EBITDA  
for EBITDA positive cases

EUR 5-40m

Number of acquisitions since  
2013

Typical pay-back time

Purchase price of acquisitions<sup>1</sup>

Typical size of targets<sup>2</sup>

## 2 ...which facilitates integration...

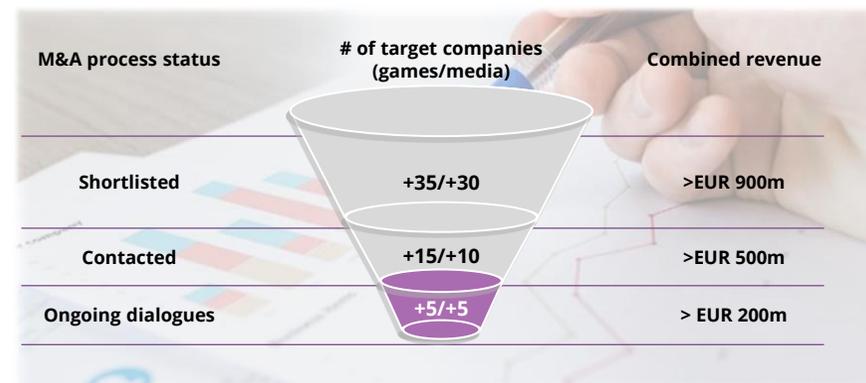


Integration and enhancement plan prior to completing M&A

Enhance efficiency and profitability of the acquired company

Targets contribute ~20-40% EBITDA margin post-acquisition and integration

## 3 ...and scope to continuously evaluate new targets



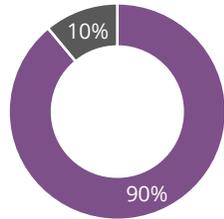
Source: Group information

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 as of February 2021

# Acquisition of KingsIsle above plan in Q1 2021

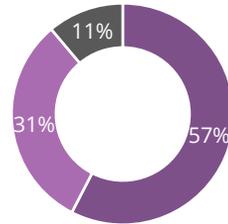
Contributes with 17% to MGI's group revenues in the first quarter 2021

Revenues by Regions



■ United States ■ Rest of World

Revenues by Type



■ In-game revenues  
■ Subscription revenues  
■ Other



*"Wizard101, The Harry Potter Of Online Games"*

Forbes

## A multiple award-winning studio



Revenue of  
USD +32m  
(e2021)

Adj. EBITDA of  
USD +21m  
(e2021)

EBITDA  
margin of  
66%

Purchase  
Price  
USD 126m

EV/EBITDA  
multiple of  
6.0x

Oaktree  
Capital  
EUR 25m

# Strong M&A pipeline of EUR +150m in revenues

Several attractive targets in the pipeline, with some signings expected soon

## Bond proceeds will partly finance future acquisitions



Market consolidation through prudent M&A strategy



### Overall M&A strategy

Focusing on inefficient targets



### Products

Accretive technology, products and customer bases



### Synergies

Targets to offer clear synergies



Overview of cases with good potential to be signed within next 6 months<sup>1</sup>:



Online and Mobile MMO publisher & developer  
Own and licensed IP's, RPG-focus, 60-80m revenues, profitable



Supply and Demand side platform  
Own IP, strong customer base, 30-40m revenues, profitable



Demand side platform  
Own IP, strong customer base, 30-40m revenues, profitable



Online casual games publisher  
Own IP, casual games focus, 20-30m revenues, profitable



Mobile MMO publisher & developer  
Own IP, RTS-focus, 5-10m revenues, profitable

Source: Group information

Note 1) Disclaimer; an M&A deal is only a signed and closed after signing and closing; before that any deal can fall apart and also new deals can appear

# Acquisition pipeline: target with EUR ~60-80m revenue potential

## Target key facts

-  PC and mobile games
-  MMO and casual games
-  +10 game titles in portfolio
-  ~200m unique gamers<sup>1</sup>
-  Owned and licensed games
-  Global footprint
-  Sustainable growth
-  Long lifetime of games

## Acquisition rationale

-  Strong IPs with ample growth potential
-  Adding critical mass; player base, know-how and IPs
-  Substantial synergies with existing gamigo portfolio
-  Transformative deal with stable, long-term EBITDA
-  Financially attractive deal ticking multiple boxes

## High level financials

Online and mobile MMO publisher and developer fitting well into MGI's existing platform

EUR 60-80m  
Revenues

~40%  
EBITDA margin

+35%  
Organic growth<sup>2</sup>

Footprint  
Revenues in North America, Europe, Asia & LatAm

Revenues  
From item sale, advertising and subscriptions

Source: Group Information

Note: 1) Referring to the big MMO platform of the target, 2) Calculated based on 2019 vs 2020

# Acquisition pipeline: target with EUR ~30-40m revenue potential

## Target key facts

 Digital Advertising Platform to monetize websites and apps via ad-placements

 Cloud-based self serve SaaS Platform

 Ad channels: Mobile apps, Web Sites and Connected TV

 Global reach: 1.3bn unique users monthly

 Global reach enables efficient user acquisition for games

 Fraud free and transparent traffic

 Sustainable SaaS revenue growth

 Long customer lifetimes

## Acquisition rationale

-  Strong SaaS-IP with ample growth potential
-  Adding critical mass; additional demand and supply
-  Substantial synergies with games through reach
-  Transformative deal with stable, long-term EBITDA
-  Financially attractive deal ticking multiple boxes

## High level financials

Monetisation solution via ads for publishers which own Mobile Apps, Web Sites, Video content

EUR 30-40m Revenues

~30% EBITDA margin

+35% Organic growth<sup>2</sup>

Footprint Revenues in North America, Europe, Asia & LatAm

Revenues From long-term SaaS clients

Source: Group Information  
Note: 1) Based on Management Case FC2021 2) FC 2021 vs FY2020

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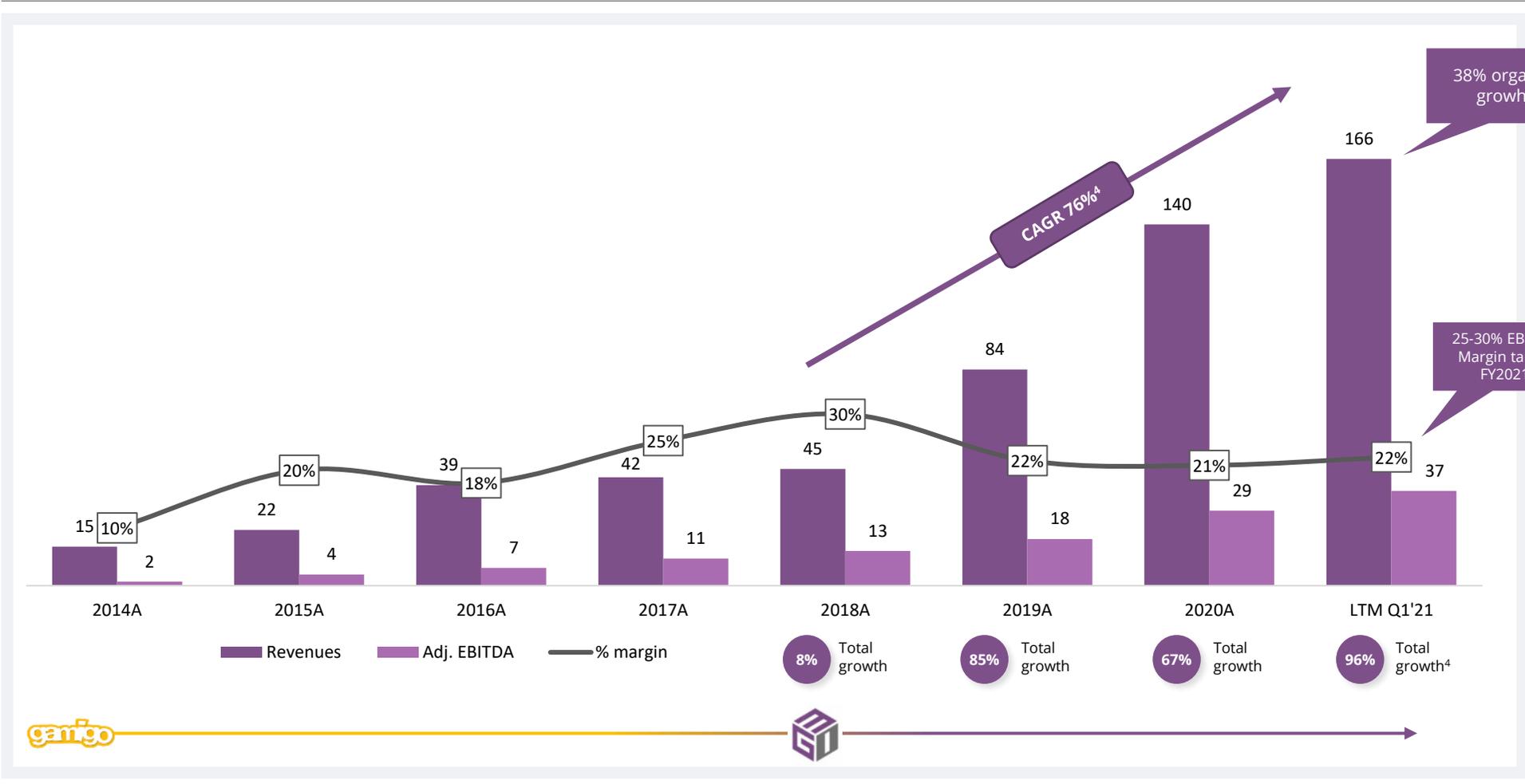
## IV. Financial performance



# Summary of annual financial performance

Profitable business model with an increasing share of organic growth

## Long-term financial development (EURm)<sup>1,2,3</sup>



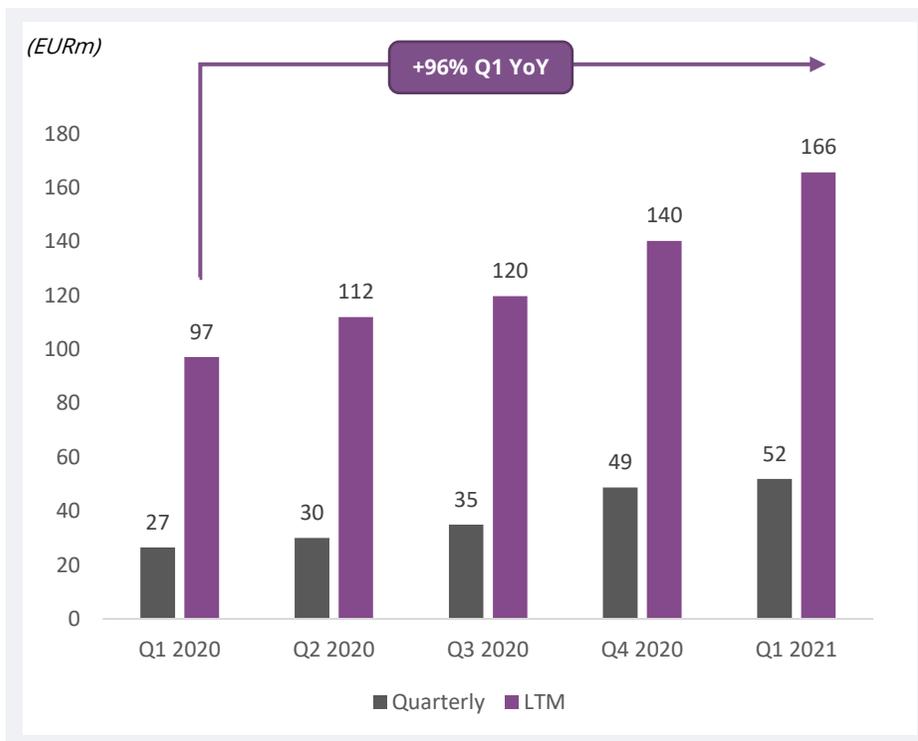
Source: Group information

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) Consensus 2021: Consensus reported EBITDA plus EUR 3m adjustments for one time costs (4) growth rate CAGR 2014 – LTM Q1 2021 (4) Q1 2021 vs 2020

# First quarter group revenue and EBITDA development

Growing 8x faster than the media and games market in 2020-2023E<sup>1</sup>

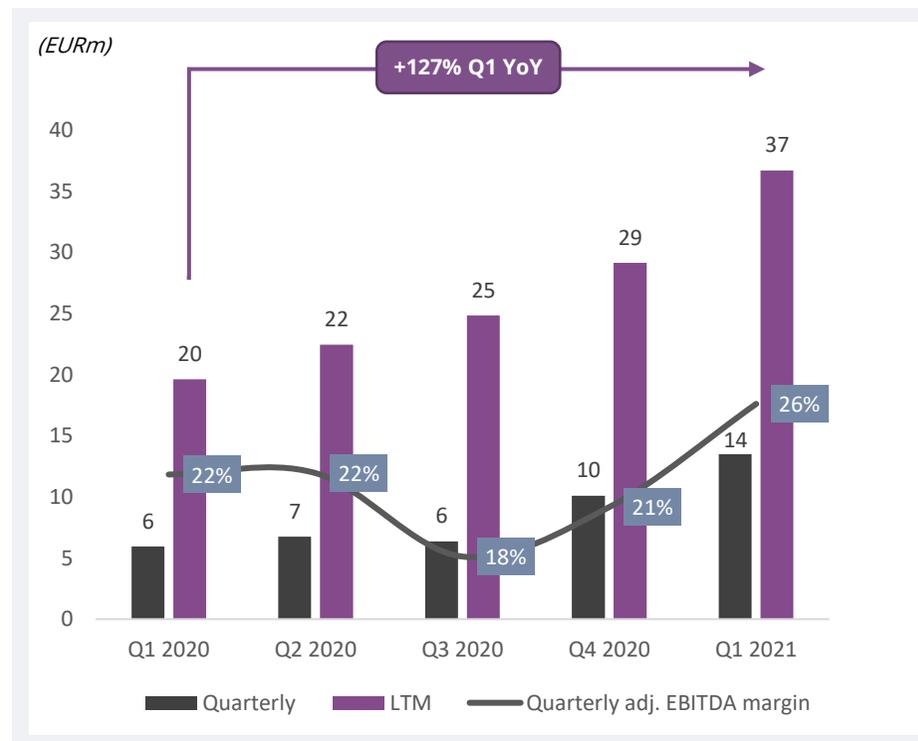
## Revenue



### Strong Revenue Growth

All time high in revenues with 38% underlying organic growth

## Adj. EBITDA



### Strong EBITDA Growth

All time high in EBITDA due to Kingsisle and improved media margins

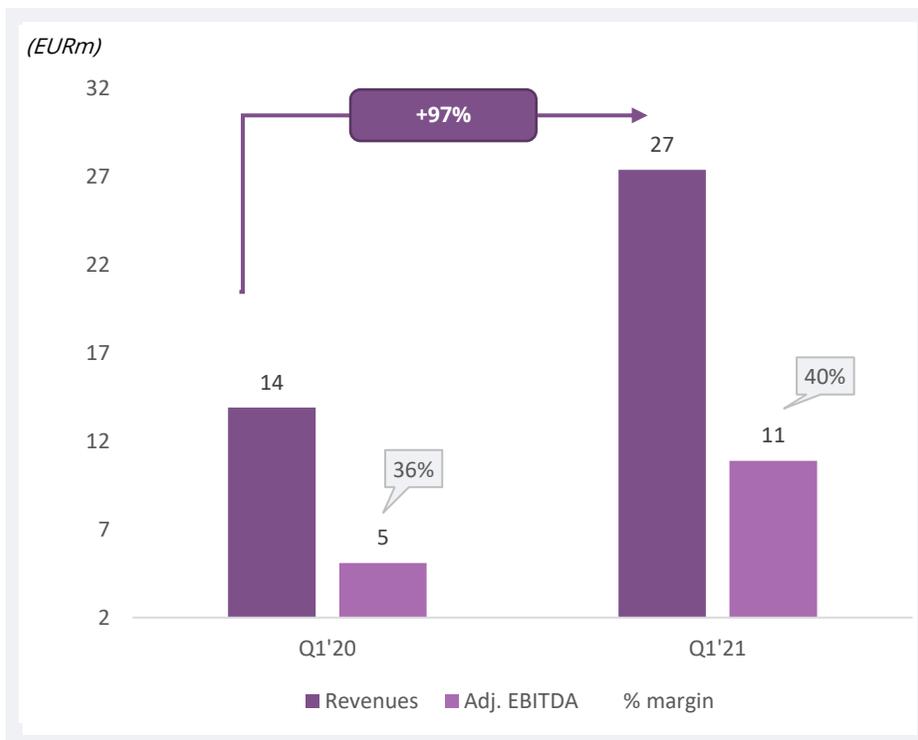
Source: Group information

Notes: 1) 96% vs. 12% reported by Newzoo and eMarketer for 2020-2023E (Global Games Market Report & eMarketer Global Digital Ad Spending Update Q2 2020)

# First quarter segment performance

Strong organic growth of both segments combined with M&A

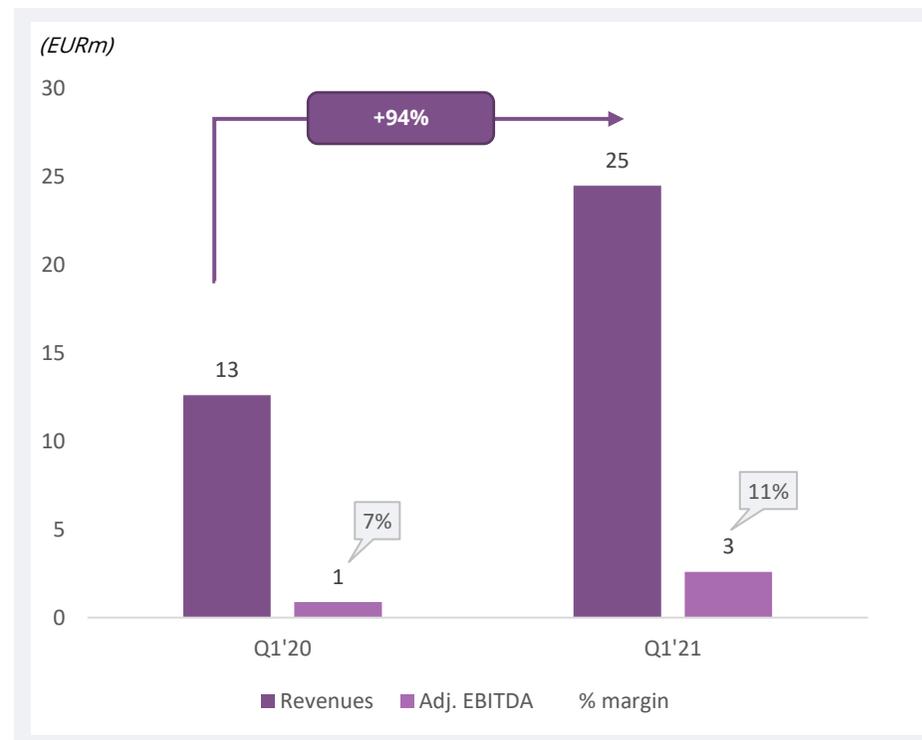
## Games Segment



### High growth due to M&A and new players

All time highs in terms of revenue and EBITDA outperforming Q1 2020 based on the KingsIsle acquisition and an increased player base

## Media Segment



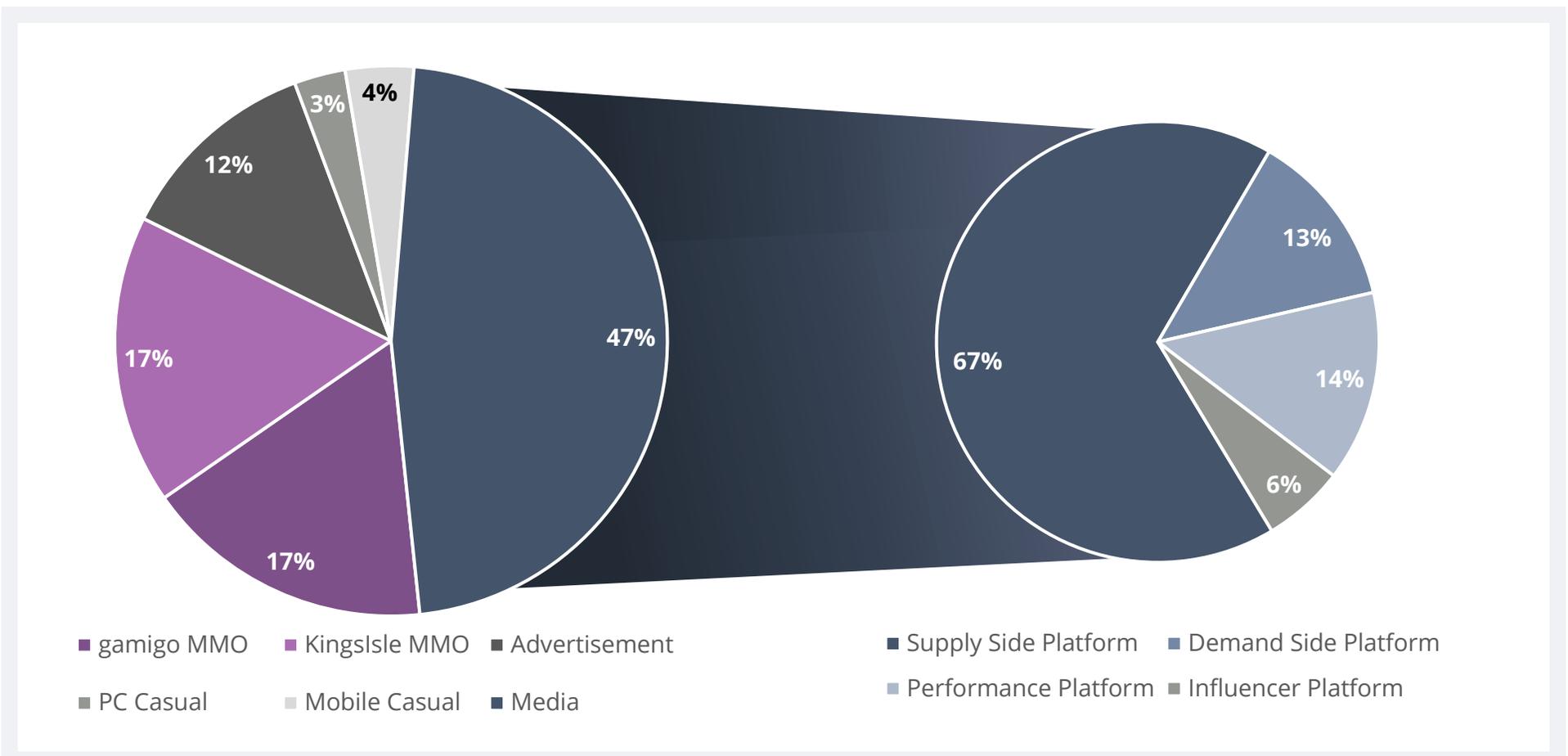
### High growth as clients increasing volumes

The Media segment outperformed the already strong Q1/Q4 2020 due to new and existing accounts increasing volumes as well as the LKQD acquisition

# Business model ensures diversified revenue sources

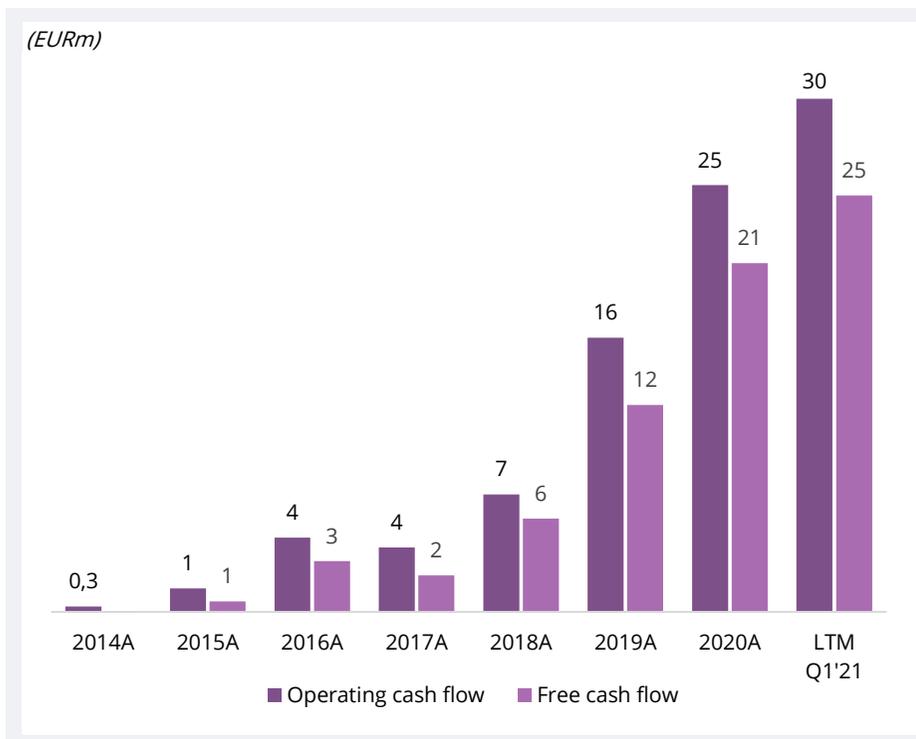
Limited dependency on single game titles and media solutions

## Overview of key revenue splits<sup>1</sup>



Source: Group information  
Notes: 1) All figures as of Q1'2021

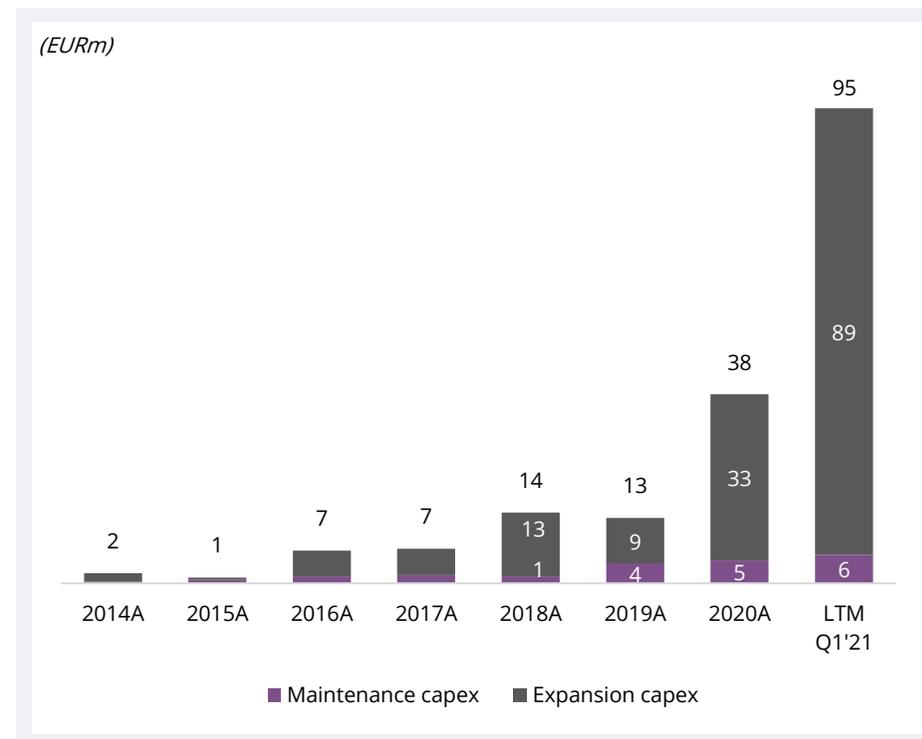
## Operating cash flow development<sup>1,2,3</sup>



### Highly cash generating business model

- Operating cash flow increased YoY in Q1'21 by 83 percent
- Strong underlying Free Cashflow due to limited maintenance capex

## Capex development



### Limited maintenance capex

- Maintenance capex increased due to organic growth investments into games
- Expansion capex increased due to the KingsIsle acquisition

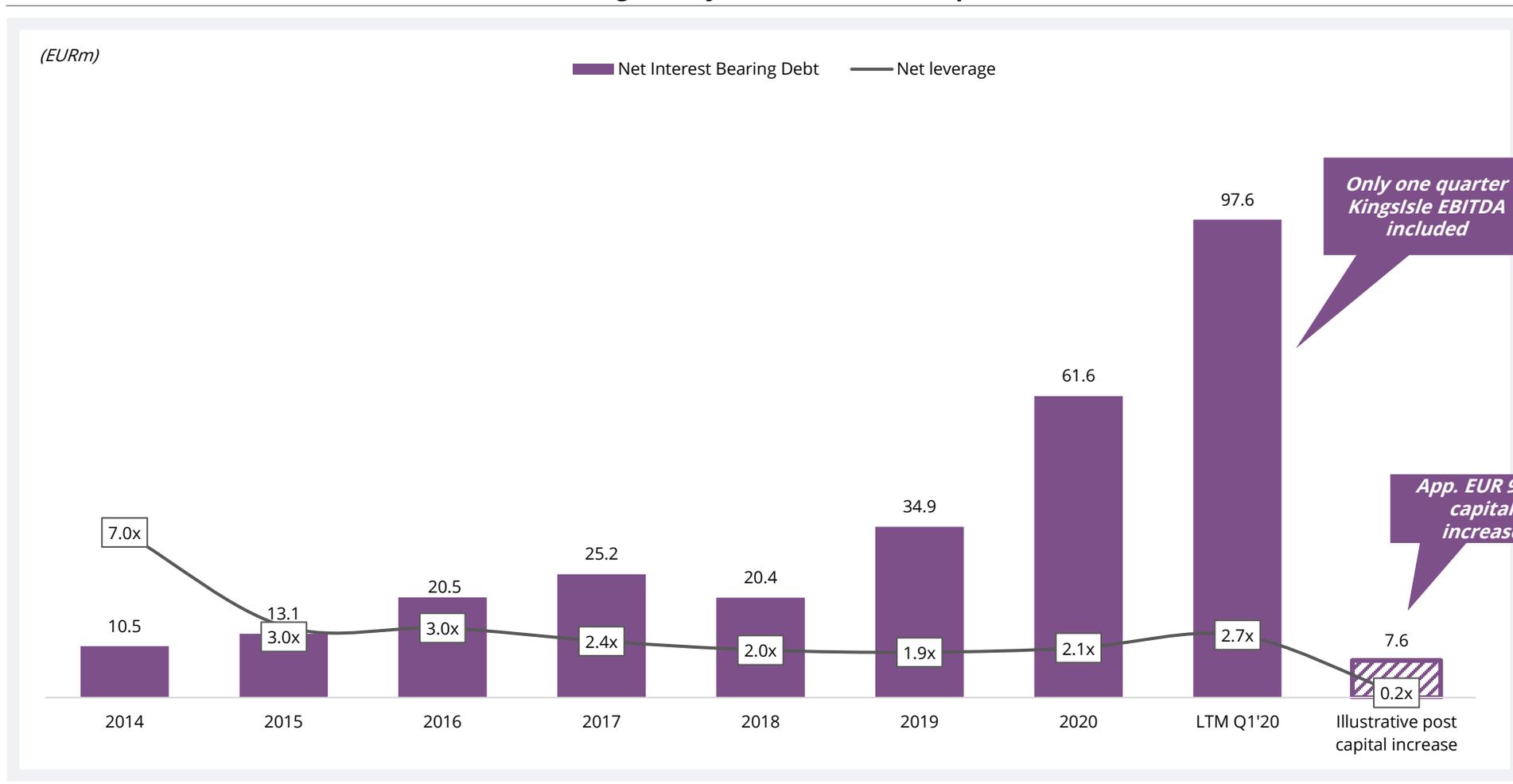
Source: Group information

Notes: (1) Operating cash flow defined as in the annual IFRS financial statements. (2) Free Cash Flow defined as Operating Cash flow - Maintenance Capex. (3) Until 2017 gamigo Group standalone

# Long-term net leverage development

KingsIsle EBITDA contribution will lead to strong deleverage in the coming quarters

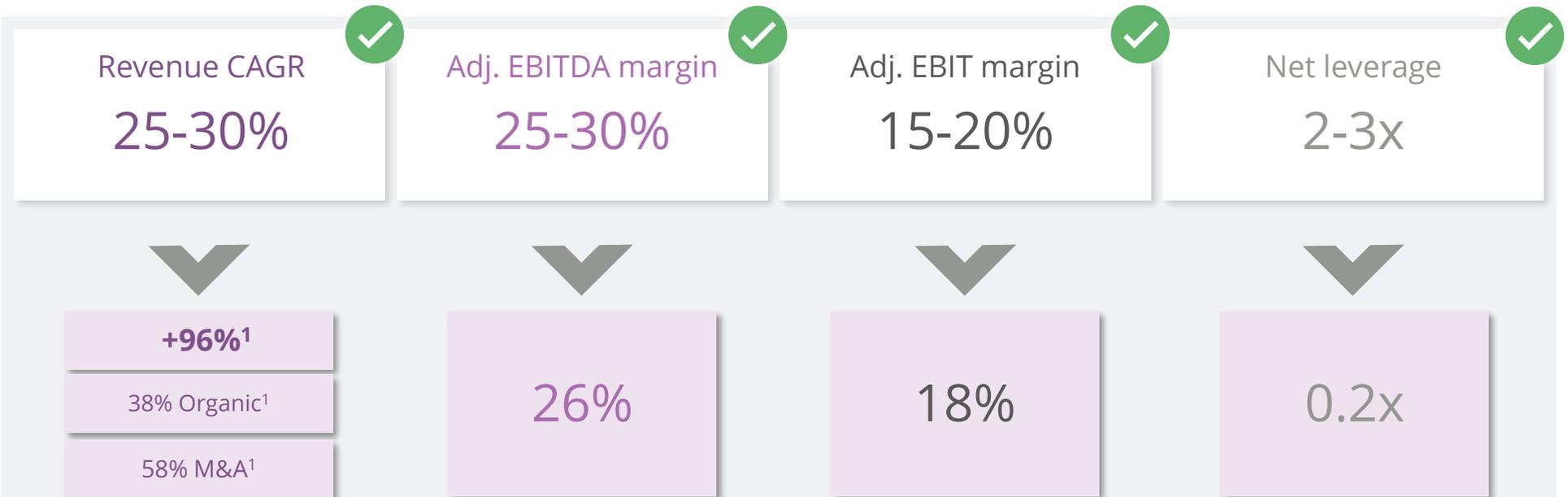
Net leverage to adj. EBITDA ratio development<sup>1</sup>



Source: Group information,  
Notes: 1) 2014 – 2017 gamigo group numbers. 2018 -2021 MGI Group numbers.

# Prudent mid-term financial targets

Financial Targets well outperformed in Q1 2021



Source: Group information

Note 1) Q1'21 vs Q1'20 (YoY comparison)

# Outlook 2021: Strongest organic growth pipeline in history

New games and ad-tech launches set to further increase growth and profitability

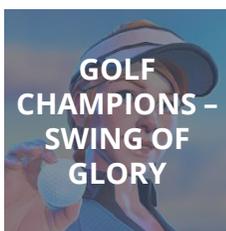
## Overview of the current announced organic pipeline



### HEROES OF TWILIGHT

Launch 2021

- The new free-to-play mobile title is headed to Android and iOS devices this summer
- A mix of genres that bring turn-based tactical combat into real-time PvP battles
- Developed by the top Canadian Games Studio BKOM



### GOLF CHAMPIONS – SWING OF GLORY

Launch 2021

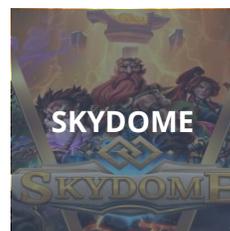
- Worldwide development rights of the triple A mobile game Golf Champions – Swing of Glory
- Competitive, Free2Play game allowing users to compete in different leagues
- Players improving skills by competing against each other



### DESERT OPERATIONS MOBILE EDITION

Launch TBA

- Successful game currently only available on browser and PCs
- Strategy games have proven successful on mobile devices in the past
- Will be available on mobile in a completely new setting to reach a broad audience and ample playtime



### SKYDOME

Launch 2021

- The 4 vs 4 tower defense battle arena is developed by Kinship Entertainment and will be published by gamigo in Europe and North America.



### ENTERPRISE SOLUTIONS FULL-STACK SAAS

Launch 2021

- Integrating full stack expanding to CTV
- Leveraging existing gaming data to improve advertising efficiency and improve user acquisition
- Focus on customer acquisition and x-selling solutions to existing customers



### IDFA Solution

Launch 2021

- To be announced soon...



### +10 OTHER PROJECTS

Launch 2021-23

- Sequels and new platform launches of existing games; various projects in the pipeline with total development cost volume of EUR +5m
- In-licensing deals for various MMOs and mobile games, some of which are ready to launch
- Out-licensing deals with publishers in China and South East Asia for some of MGI's games IPs have been initiated
- Numerous other organic growth initiatives in the pipeline including both games and ad-tech solutions

# A clear roadmap to completion

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

- ✓ **Low business risk focus**  
MMO games and SaaS media revenues with steady sustainable cash streams
- ✓ **Strong organic growth**  
Content updates, DLCs, game launches, scaling existing and new B2B accounts
- ✓ **Supported by a strong media unit**  
Efficient user acquisition; a clear cost & data USP; and an attractive business by itself
- ✓ **Synergetic M&A**  
Over 30 accretive transactions, well filled pipeline
- ✓ **Integrating acquired targets**  
Leads to substantial efficiency gains & economies of scale

