

MY.GAMES acquires control in Deus Craft

Mail.ru Group Limited (LSE, MOEX: MAIL, hereinafter referred as “the Company”), one of the largest Internet companies in the Russian-speaking Internet market, announces planned consolidation of control in Deus Craft, a mobile games development studio, by MY.GAMES, an international gaming division of Mail.ru Group. Following the completion of the deal, MY.GAMES will become the owner of a controlling 51.16% stake in Deus Craft. The deal includes an upfront payment of \$14.1 million and a deferred payment of up to \$35 million payable in April 2021, with the maximum payout achievable only if the Studio reaches monthly revenue of ~\$15 million by the end of Q1 2021. The transaction is expected to be completed in October 2020, with consolidation into Mail.ru Group’s management accounts as of Q3 2020 reporting (October 26).

Deus Craft has offices in Moscow, Saint Petersburg, and Novosibirsk, and employs more than 70 people. The company’s current operating product, the mobile game Grand Hotel Mania, was released in July 2020 and in August ranked second among mobile games in terms of revenue in the time management category on iOS and Android. The game was particularly successful in the United States accounting for more than 50% of the total revenue of the product in September.

Key personnel of Deus Craft bring 15+ years of casual mobile games development expertise into MY.GAMES. Deus Craft management team is expected to remain unchanged after the Studio joins the MY.GAMES ecosystem.

Currently, Deus Craft is in an active ramp-up stage with two more mobile games in development, with expected release within the next 12 months. Therefore, the consolidation of Deus Craft is expected to have a slight negative impact on MY.GAMES EBITDA in 2020.

Consolidation happens using the efforts of MGVC, the investment arm of MY.GAMES. Since 2016 MY.GAMES received >1,000 applications and partnership offers, having completed 31 deals with partner-studios across 14 cities around the world. Success stories of Pixonic (War Robots, Dino Squad) and SWAG MASHA (Love Sick: Interactive Stories) reflects our ability to create value through consolidations and MGVC plans to continue to support MY.GAMES in its efforts to continue expanding its market share in the largest entertainment market globally with an ambition of becoming a top-25 games company globally, including through value accretive M&A.

Vasily Maguryan, CEO of MY.GAMES: "We are happy to welcome Deus Craft to the MY.GAMES family, which already includes more than a dozen Studios with unique profiles and many years of development experience. MY.GAMES ecosystem is designed in a way so that consolidated studios can use all the advantages of an open partner environment for sharing experience and expertise in order to significantly scale their product portfolios. Examples of successful studio consolidations in recent years include: Pixonic, SWAG MASHA, Belngame and others. After joining MY.GAMES in 3Q 2016, Pixonic studio showed revenue growth of ~6x. Since Q3 2019, SWAG MASHA studio increased its revenue by ~2x. We are confident that the Deus Craft team will help us further strengthen our expertise in the mobile segment, especially in the new time management genre, while maximizing its growth potential".

Dmitriy Shubeikin, CEO of Deus Craft: "MY.GAMES is the most attractive partner we have identified given its marketing and analytical expertise, detailed understanding of the industry globally and impressive growth track record as well as appetite to provide Deus Craft with maximum creative freedom. MY.GAMES offers experience in scaling products and providing comprehensive support to portfolio Studios, and we are confident that joining MY.GAMES will allow us to significantly strengthen and expand our business globally".



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About Mail.ru Group:

Mail.ru Group is an evolving ecosystem of services, helping millions of people with their day-to-day needs online. More than 90% of the Russian internet audience use the company's products.

The Mail.ru Group ecosystem enables people to keep in touch (using social networks OK and VK, messaging apps and email service), play video games (via MY.GAMES), get and offer items and services, browse jobs and hire talent (via Youla and Worki), master new skills (GeekBrains, Skillbox and other educational services), stay informed (Mail.ru portal), and offers many other activities. The ecosystem also includes Mail.ru Group's own smart speaker Capsule with the Marusya voice assistant. Mail.ru Group services allow quick authorization via VK Connect.

Another important component of the ecosystem is the Mail.ru Group-Sberbank joint platform, which includes Citymobil, Delivery Club, Samokat and other services for ordering food or grocery delivery, ride hailing or booking a car. The company also owns a share in AliExpress Russia, a platform allowing to order almost any item online.

The company offers enterprises to employ its dynamic ecosystem to digitize their business processes, providing a range of solutions from online promotion to cloud services.

About MY.GAMES:

MY.GAMES generates more than a third of all revenue Mail.ru Group. In 2019, MY.GAMES ranked 42nd among the largest gaming companies globally with revenue of \$483m. Over the past four years, MY.GAMES revenue growth has exceeded the average growth of the gaming market by ~3x. The main strategic focus of the MY.GAMES gaming business is growth in the international market and in the mobile segment.