

Key Features for a Proposed Plan

Matomy Media Group Ltd. (LSE:MTMY, TASE:MTMY.TA) announces the outline of its proposed plan for a comprehensive agreement with Matomy's bondholders and with Rainmaker Investments GmbH ("Rainmaker"), the minority shareholder in Team Internet AG ("Team Internet"), (the "Plan").

The trustee for the bondholders informed Matomy that a meeting of the bondholders will take place by proxy on Wednesday, 5 December, in which two alternative proposals will be considered which involve a possible declaration of an event of default under the terms of the bond and an immediate repayment of all amounts under the bonds. Matomy informed the trustee that a declaration of default is expected to harm the interests of the bondholders and that in lieu of such resolution Matomy is proposing to enter immediately into a discussion that will involve a comprehensive agreement with the bondholders and Rainmaker that Matomy believes will allow to preserve the value of Matomy and facilitate a full payment to the bondholders and an agreement with Rainmaker. Moreover, Matomy stated that no event of default has occurred and that therefore there is no basis to declare such event. The Board of Matomy believes that a disclosure of the Plan will allow a proper and transparent discussion.

It is important to note that the value of Matomy's assets exceeds the value of its liabilities (on a Net Asset Value, NAV, basis)), and that Matomy strives to implement an arrangement that is designed to avoid the risk that a temporary cash flow shortage will defeat the legitimate interests of creditors. Declaration of an event of default at this time is contrary to the interests of the bondholders because it may increase the risk that such declaration will harm the value of Matomy's assets, and as such, will harm the ability of bondholders to secure full repayment. A declaration of an event of default may adversely affect any discussions with Rainmaker concerning the terms of purchase of the remaining 10% stake in Team Internet and may prompt Rainmaker to pursue its various contractual remedies. To the extent Rainmaker is successful in doing so, the value for bondholders may decrease dramatically.

Therefore, instead of the proposals submitted to the bondholders, Matomy proposes to pursue a plan that involves the following key features:

- A fund raising by Matomy of up to \$10M with a participation commitment of key shareholders holding in the aggregate approximately 55% of the voting share capital of Matomy;
- Discussions with Rainmaker regarding the terms of such purchase for the remaining 10% stake in Team Internet, with the aim of an agreement that a reduction and/or change in payment terms is required;
- Adjusting the payment schedule of the principal amount of the bonds, by advancing a partial repayment in 2019, together with extending the overall payment period until the end of 2022, so that the impact on the overall duration of the bond is minimal, and **no reduction (haircut) in the overall amount**;
- Adjusting certain bond covenants to reflect Matomy's actual current business structure;
- Matomy is willing to consider a certain increase in interest in relation to such adjustments;

- Granting the bondholders additional security tied to tangible financial assets of Matomy.

The Plan is subject to obtaining all corporate approvals and reaching agreement with the bondholders and with Rainmaker. The Plan is provided, *inter alia*, based on the following:

- Despite various statements, currently no event has occurred that constitutes an event of default under Matomy's bonds;
- Management and Board believe that an immediate repayment of the bonds will significantly reduce the bondholders' ability to secure a full repayment of the bonds.
- The value of Matomy's assets is higher than its total liabilities (NAV). Matomy intends to obtain an independent qualified financial opinion in support of its true financial condition;
- In order to secure Matomy's long term financial sustainability, an effort should be made to reach an amicable agreement on the terms of the purchase by Matomy of the remaining 10% stake in Team Internet in order to reach 100% ownership, which should, in turn support the ability to repay the bonds. Any action that defeats the ability to acquire 100% ownership will diminish portions of the future ability to support such payments;
- The proposals submitted by the bondholders include a notion that cash injected by shareholders will be used for repayment of the bonds, while in practicality, unrelated third party rights need to be taken into consideration and agreed.

Furthermore, Matomy's complex holdings structure in Team Internet, through its German and UK subsidiaries, which are direct parties to the agreement with Rainmaker, create a potentially unequal creditor relationship between the various stakeholders with respect to such foreign entities. Therefore any unilateral action has an associated high risk of damaging the interests of the bondholders and as such requires an extra cautious and prudent approach.

Matomy believes that its Plan, if approved by all parties, is significantly more advantageous to the bondholders than the proposed declaration of default. It provides higher likelihood of payment of all amounts under the bond. In addition, it includes a funding by shareholders that would not be achieved in the event of declaration of default. As such, the shareholder financing would also put Matomy in a better position to make payments to Rainmaker and acquire a 100% interest in Team Internet.

The details above should not be viewed as a comprehensive description of the full Plan. The above outline is not intended to be sufficiently descriptive to capture all important terms and characteristics, different risks and terms related to the Plan. There can be no assurance with respect to the outcome of the actual foregoing discussions or with respect to the actual implementation of the Plan.

The information contained within this announcement may be deemed by Matomy to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

About Matomy

Matomy Media Group Ltd. (LSE: MTMY, TASE: MTMY.TA) is a global media company. Founded in 2007 with headquarters in Tel-Aviv and seven offices around the world, Matomy is dual-listed on the and Tel Aviv Stock Exchanges.

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