



FULL YEAR REPORT 2019

MEDIA AND GAME INVEST GROUP "MGI"

ALL FIGURES ARE PRELIMINARY CONSOLIDATED GROUP FIGURES 2019



Buy

Market consolidation via M&A



Integrate

Restructuring & realizing synergies



Build & Improve

Organic sales growth



FULL YEAR REPORT 2019

Media and Game Invest Group "MGI"

All figures are preliminary consolidated group figures 2019

FURTHER REVENUE GROWTH THROUGH "BUY. INTEGRATE. BUILD & IMPROVE."

"In 2019 we further implemented our "BUY, INTEGRATE, BUILD & IMPROVE." -Strategy in the synergetic sectors digital media and online gaming. Our revenues increased substantially to 84 million euros (+157%) with an also strongly improved EBITDA of 16 million euros (+80%). In 2019 the bases for growth was, as well as in previous years, a combination of organic as well as an-organic growth, which included important game launches and updates as well as completing 5 acquisitions. The integration and optimization of our acquisitions lead to further growth and efficiency gains. Also for 2020, we expect to continue our strong growth path as an integrated games and media company." says Remco Westermann, Chairman of the Board (CEO) of MGI.

THE FULL YEAR 2019

- Net revenues amounted to 83.9 mEUR (2018: 32.6 mEUR), which is an increase of 157% compared to 2018. In 2019 the gaming segment was consolidated for the full 12 months (previous year: 8 months) and for the first-time showed its full revenue and EBITDA effect. In addition, the synergetic Media segment was considerably strengthened through several value-generating bolt-on acquisitions which contributed in the second half year 2019.
- EBITDA amounted to 15.5 mEUR (2018: 8.7 mEUR), which is an increase of 80% due to the successful realization of synergy effects in the course of the integration of the acquired gaming assets of Trion and WildTangent. In the Media segment, where our buy-and-build strategy started later, we are earlier in the process of integrations and building critical mass, leading to strong revenue growth while however not yet showing the full cost and revenue efficiency advantages. As a result of that margins of the media part are still lower, although already positive with 7%. Overall the EBITDA-margin of MGI is strong with 19% which is due to an increased B2B revenue share below the 27% from 2018.
- Adjusted EBITDA amounted to 18.1 mEUR (2018: 10.1 mEUR), which is an increase of 81% (Adjusted EBITDA excludes one-time, M&A and financing costs) and reflects a margin of 22%.
- Operational EBIT grew to 7.8 mEUR (2018: 3.8 mEUR), which is an increase of 106% (operational EBIT excludes PPA depreciation). Operational EBIT-margins decreased due to an increased B2B revenue share from 12% in 2018 to 9% in 2019.
- EBIT increased to 5.0 mEUR (2018: 2.3 mEUR), which is an increase of 115%, while EBIT margins decreased due to an increased share of B2B revenues slightly from 7% to 6%.
- The net result is positive and amounts to 1.3 mEUR in 2019 (2018: 1.6 mEUR) and decreased slightly due to increased PPA depreciation from acquisitions as well as increased financial expenses as a result of the bond issues.
- The interest coverage ratio has been strong with 2.7 as of December 31, 2019 and decreased compared to 5.3 as of December 31, 2018 due to the increased financial expenses which on the one hand gives flexibility for future growth but on the other hand comes with higher costs.
- Operating Cashflow amounted to 16.2 mEUR (2018: 4.9 mEUR), which is an increase of 229% and reflects the strong cash generation of the group.
- As of Dec 31, 2019, cash and cash equivalents amounted to 33.0 mEUR (December 31, 2018: 4.5 mEUR) which is an increase of 642% and gives large headroom for future growth. It does not include the purchases of gamigo shares and verve assets completed in Q1 2020.

SEGMENT REPORTING (GAMING)

- Net revenues amounted to 43.1 mEUR (2018: 20.9 mEUR), which is an increase of 106% compared to the full year 2018. In 2019 the gaming segment was consolidated for the full 12 months (previous year: 8 months) and for the first-time showed its full revenue and EBITDA effect. The revenue increased due to organic growth through new game launches like ArcheAge Unchained which generated already 10% of the groups gaming revenues in 2019 as well as inorganic growth due to successful acquisitions and integrations of Trion Worlds and WildTangent.
- EBITDA amounted to 12.6 mEUR (2018: 7.8 mEUR), which is an increase of 62%. With 29% of revenues, the EBITDA margin shows the advantage of our bolt-on strategy leading to better efficiencies.



SEGMENT REPORTING (MEDIA)

- Net revenues amounted to 40.8 mEUR (2018: 11.8 mEUR), which is an increase of 247%. The media segment was significantly expanded in 2019 through the acquisition of ReachHero (May), Applift (June) and PubNative (June). As the acquisitions have been made by end of H1 2019 the main revenue and EBITDA increase happened in the second half year of 2019.
- EBITDA amounted to 2.9 mEUR (2018: 0.8 mEUR), which is an increase of 263%. While EBITDA in the Media segment is overall improved, the EBITDA margin is with 7% still at a lower level due to the recent acquisitions and the ongoing integrations in this area. After successful integration, we expect higher margins, which will however be lower than the margins in the gaming segment. This is however not factoring in internal gains between the games and media sectors like more efficient customer acquisition for our games.

OPERATIONAL HIGHLIGHTS

- In the Media segment we completed the acquisitions of ReachHero, AppLift and PubNative, and have thus considerably expanded the media segment. MGI covers now the entire value chain in online advertising and has hereby also extended its value chain for gaming.
- In the Gaming segment we were able to double organic growth in 2019 to 10% (2018: 5%). This was done through successful game launches like ArcheAge Unchained, the relaunch of Desert Operations, more efficient customer acquisition, as well as regular content updates and events in the games in connection with an optimized game/user support system where we were able to reduce the number and processing time of open tickets considerably.
- Furthermore, we acquired within the Gaming segment, WildTangent in Q2 2019, including a portfolio of 5,000 casual games and strong partnerships with computer and laptop manufacturers which includes more than 80 million preinstalls of the WildTangent Games on PCs.
- gamigo bond issues: In the first half of 2019, further tranches of the gamigo senior secured corporate bond amounting to 18 mEUR were placed at a price above par. After the increase, the bond volume amounts to 50 mEUR, thus having placed the total framework of the bond.
- MGI bond issue: In the second half of 2019, MGI has successfully placed 15 mEUR in bonds within a framework of up to 25 mEUR in a private placement. The bearer bonds have a nominal amount of 1,000 EUR. The interest coupon amounts to 7.00 percent p. a. with a quarterly interest payment. The bond has a term until 11 October 2024.

SELECTED KEY PERFORMANCE INDICATORS, MGI

In mEUR	MGI Group	MGI Group
	2019 Jan-Dec	2018 Jan-Dec
Net Revenues	83.9	32.6
YoY Growth in revenues	157%	-
EBITDA	15.5	8.7
EBITDA margins	19%	27%
Adj. EBITDA	18.1	10.1
Adj. EBITDA margins	22%	31%
Operational EBIT	7.8	3.8
Operational EBIT margins	9%	12%
Net Result	1.3	1.6



SELECTED KEY PERFORMANCE INDICATORS OF THE SEGMENTS, MGI

	MGI Gaming 2019 Jan-Dec	MGI Gaming 2018 Jan-Dec
Net Revenues	43.1	20.9
YoY Growth in revenues	107%	-
EBITDA	12.6	7.8
EBITDA margins	29%	37%

	MGI Media 2019 Jan-Dec	MGI Media 2018 Jan-Dec
Net Revenues	40.8	11.8
YoY Growth in revenues	247%	-
EBITDA	2.9	0.8
EBITDA margins	7%	7%



EVENTS AFTER THE INTERIM PERIOD

ACQUISITION OF VERVE

In January 2020 – MGI acquired via an US based subsidiary substantially all assets of Verve Wireless Inc (“Verve”). Verve is a leading North American mobile media company for programmatic video and display marketing, with a strong USP in location-based data. The transaction includes Verve’s technology, intellectual property and a team with domain expertise in branded programmatic advertising and location-based analytics and its data management platform. Verve was founded in 2005 with offices in ao. New York and San Diego. The acquisition is expected to generate additional net revenues in the lower double-digit million range in 2020. Depending on the speed of finalizing restructuring and integration of the transaction, management expects an additional EBITDA in the single-digit million range for the year 2020. The purchase price depends on various factors and is expected to be in the low double-digit million range. The acquisition expands the group’s product portfolio, customer base as well as sales organization and further strengthens the group’s position in the North American market with strong synergies towards the other media companies as well as gaming companies of the MGI group.

INCREASE OF THE GAMIGO STAKE

In March 2020 - MGI executed its earlier announced plan to acquire additional gamigo shares, increasing its stake in gamigo AG from 53% to 99%. It is planned to also acquire the remaining gamigo shares. The purchase price of 16.5 mEUR in cash and up to 18.2 million MGI shares represents a valuation of seven times EV/EBITDA based on the 12-month period ending September 30, 2019. The selling gamigo shareholders will receive up to 18.2 million new MGI shares. In return, the company’s share capital will be increased by 18.2 million new MGI shares. A lock-up period of around 25 months will apply to approximately 98% of these new shares. The cash portion of the purchase price is financed with a loan from UniCredit Bank in the amount of 10 mEUR at an interest rate of 5.5% p.a. as well as via free liquidity from MGI.

BOARD OF DIRECTORS

Elizabeth Para has joined the Board of Directors in January 2020. Elizabeth Para has a 20+ years career in financial markets, with substantial experience in public and private debt as well as equity markets. She has worked in investment and client facing roles in both the banking and the investment management industry. Elizabeth holds a Master’s degree in economics and is a Chartered Financial Analyst [CFA]. Elizabeth was one of the earliest investors in gamigo and is also an MGI shareholder. As a long time shareholder in both gamigo and MGI she has built up both a strong company specific and sector knowledge on the digital games and media sector. The Board of Directors now consists of Remco Westermann (Executive Chairman), Tobias M. Weitzel and Elizabeth Para. With the completion of the gamigo transaction, René Müller resigned from the Board of Directors as planned.

CORONA/COVID PANDEMIC

The whole world has been hit by the ‘black swan’ Covid19, which of course also effects MGI. The overall effect for MGI however is a positive one, which is different than for most other companies. With a big part of the European and N-American population being at home due to the lockdowns, MGI is experiencing increases in player activity, increases in numbers of new players, a better media efficiency and also revenue increases. Also we see adaption and negative effects; while working from home was easy to implement and not leading to an efficiency loss, gaming fares have been cancelled and also on the media side we see some customer pausing their budgets, while however others are increasing their spend. Also on the long term we expect an overall positive effect; economical crises and more unemployed generally have a positive effect on gaming and market consolidation in general. We expect also more M&A activity at more favorable conditions.

MGI AT A GLANCE

5000+
Casual games

30+
MMOGs

600+
Employees

20+
Countries

5bn+
Monthly
Ads delivered

2bn+
Monthly
Video views

GAMING

- Publishing, operating and support of online and mobile games for gamers
- Diversified Portfolio of 30+ Massive Multiplayer Online Games and 5,000+ Casual Games
- More than 5 million monthly active users, with user lifetimes of up to more than 10 years
- 2.5 billion gamers world wide. Gaming market being bigger than the markets for books, movies and music.
- Worldwide gaming market of USD 152 billion revenues in 2019 with a CAGR of +10% (2017-2021)

Synergies with MGI Media; better and more efficient user-acquisition through powerful combined media purchasing power at scale

MEDIA

- Covering the entire value chain in digital advertising for best in class user / customer acquisition
- Strong product portfolio including performance-, influencer-, social media- and mobile app marketing as well as software as a service solutions
- Strong direct supply, own inventory and more than 2 bn monthly video and ad views
- Online/mobile advertising has overtaken offline advertising
- Worldwide online/mobile media market of more than USD 290 billion revenues in 2019

Synergies with MGI Gaming; unique and exclusive advertising spaces in the games with more than 5 million monthly active users



INVESTOR RELATIONS ACTIVITIES

In 2019 MGI expands its investor relations activity within but also outside Germany and also aims to further increase transparency beyond the legal and stock exchange obligations and communicates continuously with analysts, institutional and private investors about current business developments and events that are important for the development of the company's share price. We attended more than 10 capital market conferences in Germany and Europe, including the Equity Forum in Frankfurt at the Zurich Capital Market Conference and the Pareto Gaming Seminar in Stockholm. We have improved our corporate communication, e.g. by renewing our website with a lot more information about the MGI Group. In addition, we have increased our social media presence and have set up a YouTube Investor Relations Channel via which we now also publish our financial reports as video. The MGI Board of Directors was also in a constant dialogue with the financial and business press. Together with the IR agency, we are continuously working on increasing media coverage. While MGI has been showing a very positive operational and financial performance within the last years, the share price has not been mirroring this development. Positive is volume side; with relatively high amounts of daily trading and also high peak volumes being absorbed pretty well and a free float of app. 40%, it is very well possible to buy and sell shares via the stock market. Negative is the overall performance; it is difficult to find a single reason for this. According to our brokers, important elements are a.o., new company on the stock market, relatively unknown, 'it needs time to build trust', small in relation to most other listed companies in Germany, low affinity of German investors towards digital companies. However, the most important factor will further be consequently implementing our buy, integrate, build & improve strategy and further showing growing revenue and profitability numbers. We see a first positive effect during the Covid19 times with a good stock performance compared to other indices. This reflects the increased investor interest, as investors realize that gaming is not affected by this pandemic and is also a good investment in a possible upcoming economic crisis.

A WORD FROM REMCO WESTERMANN

"Dear shareholders, bond investors, partners and team; the year 2019 was another year of growth and another year in which MGI has been very active. We closed the year with a significant growth in revenues (157%) and EBITDA (80%) growing even faster than in the previous years.

The end of a year is always a good moment to look back as well as forward. Looking back there is a dynamic history of transformation and growth. Our roots lie in the online gaming sector and go back to the year 2012 when the German gaming company gamigo -that celebrated its 20th anniversary in April 2020- was acquired by current MGI management. Realizing that gamigo was too small, too inefficient and technically not fit enough to play a substantial role in the gaming industry as well as realizing that developing and launching games, being a small player has less chances of success than buying lottery tickets, we came up with our "BUY. INTEGRATE. BUILD & IMPROVE" strategy. In the period 2013 until 2019 we acquired 30 companies, first concentrating on MMO's with long term revenue streams and publishing only, then also buying the developers and/or IP's of our most successful titles to be able to improve the games and launch sequels and then from 2016 onwards also purchasing media companies and integrating these in a second cluster, to make customer acquisitions a company USP and also take a larger part of the total value chain. Within the last 7 years we have been growing our team from under 100 employees to well over 600, growing revenues from just over 10 mEUR to well over 80 mEUR and getting from app. 5 mEUR operational cash burn to a positive cash flow from operations of 16mEUR in 2019. We really have been proving that larger clusters are more efficient as well as a good platform for further growth. I am very proud and happy to have a large loyal player and customer base as well as a very motivated team.

Last year, 2019 was another good year, with strong revenue growth, 5 acquisitions, game launches and game optimizations leading to a growing player base as well as various technical and organizational integrations and optimizations.

- *With 4 out of the 5 acquisitions in 2019 in the media sector, we were able to considerably expand and strengthen our position in media, leading to more efficiency and also supporting the gaming segment which is already profiting from the user acquisition expertise and the strengthened media buying power. Market conditions in the Media segment are similar to those in Gaming; technology driven, fragmented and in a consolidation phase, as such offering great M&A opportunities. In 2019 we were able to acquire, ReachHero (Influencer Agency and Platform), AppLift (Performance media agency) and PubNative (programmatic SSP and marketplace) and TV-Smiles (technical mobile in-App mediation solution). Integration of the media companies is progressing, including combining product offerings, technical integrations and also team integrations. Similar to the gaming sector,*



there are significant revenues and cost synergies that are being realized. With more than 20 world-wide offices, including Berlin, Chicago, Istanbul, New York, Sao Paulo, Shanghai and Tokyo the media activities have a global reach.

- In the Gaming segment, we have put an even stronger focus on additional organic growth compared to previous years. With the launch of "ArcheAge: Unchained", we successfully launched a new version of this triple-A franchise. In addition to further launches and optimizations in the existing games portfolio, we were able to increase our organic growth to 10% in 2019, which is double the previous year's figure. In 2019, we had an average of 600,000 active players per day and 5,000,000 active players per month in our games. The most important success factor of a game is its player community. Therefore, we continuously listen to the feedback from our communities and strive to incorporate their wishes into future updates and further developments of our games. In 2019 we also relaunched with a complete technical and graphic overhaul "Desert Operations" - one of our most important titles in the strategy genre.
- Apart from growth, the focus in 2019, as in previous years, was also on further optimizing the organization and operations. Integration of platforms, bringing games and services into cloud, reducing the number of vendors and renegotiating contracts, optimizing organization and management structures are only a few examples of what has been accomplished. These optimizations and integrations ensure our flexibility and cost efficiency for further growth.

Now looking forward; the year 2020 started very well with the successful acquisition of the assets of the US media company Verve. By acquiring major assets of Verve Wireless Inc. we are able to further grow our media cluster, adding a strong team in the US as well as several technical capabilities including a DMP, various location data patents as well as a strong customer base.

This was followed by the Covid-19 pandemic, which creates fundamental uncertainty but also various opportunities. Gaming -and especially our core segments MMO online and console gaming are clearly profiting from stay at home policies. Media is seeing a shift towards gaming and online retail, away from more traditional sectors. Geographically the wave is moving from Asia, via Euro to the Americas and impacting our work and revenues. From March onwards we are seeing good revenue growth in the games segment, as well as some revenue declines in the Media segment, that are however after shifting sales forces and customers adopting to Covid are picking up again. We are of course further focusing on integrations and cost optimization measures within and between the gaming and media clusters.

Based on the continuation of our successful platform strategy with a proven combination of organic and inorganic growth and the strong synergies between games and media - also taking into account Covid-19 and current market developments - we expect a further strong revenue and earnings growth in 2020 and the coming years. Due to the ongoing market consolidation, which is rather intensified by Covid-19, we expect that there will be many opportunities for further interesting bolt-on acquisitions in 2020 and in the coming years. The gamigo group is now one of the first choices for many parties in the areas of M&A and licensing, thanks to its extensive experience as an integration and restructuring specialist combined with its well available capital resources.

I would also like to thank our loyal players, fans, partners and customers; we are doing our best to improve and develop our games and services, as well as launch new games and services.

I would also like to thank our shareholders, bond investors and other business partners for their support, cooperation and trust as well as their patience regarding the development of our share-price.

And last but not least, I would like to express my thanks to our team. Management and employees in 2019, within our fast growing and therefore sometimes also quite challenging company, again shown extraordinary dedication and commitment.

Remco Westermann
Chairman and CEO of MGI



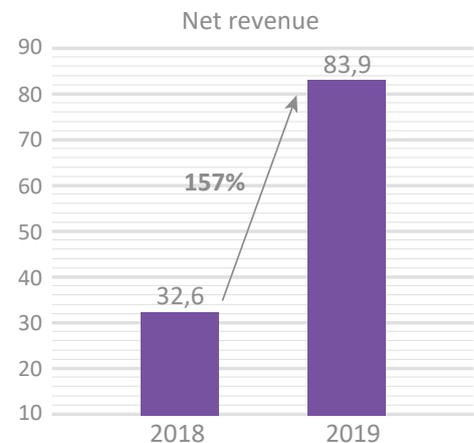
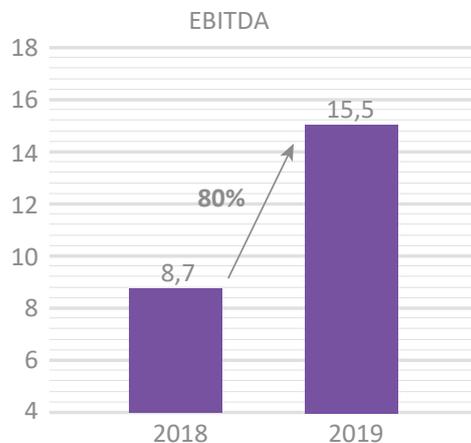
FINANCIAL PERFORMANCE, 2019

CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

The year 2019 showed a further strong financial performance. Revenues amounted to 83.9 mEUR. Compared to the previous year, this represents a strong increase of 157% (2018: 32.6 mEUR). The increase in revenues was driven by an increasing share of organic growth in the Gaming Segment by several content updates, patches and the ArcheAge Unchained launch as well as the Desert Operations relaunch as well as M&A, especially in the Media segment.

The EBITDA amounted to 15.5 mEUR (2018: 8.7 mEUR) for the full year which is an increase of 80%. The EBITDA margin decreased to 19% (2018: 27%) due to the early stage of the ongoing integration of the Media segment, which will show more of its synergetic revenue and cost-efficiency effects in the following years. Nevertheless, the full year EBITDA has already increased by 80% and both segments showed a very good result with good EBITDAs. The strong growth is due to the successful integration of the latest gaming acquisitions as well as the increasing organic growth in the gaming segment and the revenue growth due to acquisition in 2019. Adjusted EBITDA excluding one-time costs amounted to 18.1 mEUR (2018: 10.1 mEUR) which is an increase of 81%. Operational EBIT grew to 7.8 mEUR (2018: 3.8 mEUR), which is an increase of 106% (operational EBIT excludes PPA depreciation). EBIT for the fully year 2019 improved substantially to 5.0 mEUR in 2019 (2018: EUR 2.3 mEUR), which is an increase of 115%.

The consolidated net result slightly decreased to EUR 1.3 mEUR (2018: EUR 1.6 mEUR). The decrease in net result results from increased PPA depreciations post acquisition, one time financing cost as well as higher interest payments due to the increased volume of bonds outstanding, which on the one hand come with higher interest expenses but on the other hand give flexibility for future growth due to the high cash position, especially in the times of crisis.





CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to 16.2 mEUR in 2019 (2018: 4.9 mEUR), representing a strong increase of 229% underscoring the strong cash generation of the operating activities. The equity ratio was 54% as of December 31, 2019 (December 31, 2018: 67%) and thus, the equity decreased due to the bond issues as well as an increased amount in total assets and liabilities as a result of the expanded operations of the group.

The Group's cash and cash equivalents amounted to 33.0 mEUR as of December 31, 2019 compared to 4.5 mEUR as of December 31, 2018 and increased as a result of the bond issues as well as strong operating cashflow. The interest coverage ratio was 2.7 as of December 31, 2019 compared to 5.3 as of December 31, 2018 and as such decreased following the bond issues and increased interest expenses while MGI still has a strong cash position on the balance sheet for further growth investments.

INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

In 2019, MGI invested EUR 10.2 million (2018: EUR 2.8 million) in strategic product and platform development (personnel expenses) and expanded the inhouse development for games and media companies to leverage organic growth for 2020 and beyond. Capitalized own work includes investments in the optimization and further development of the IT platforms in the gaming as well as in the media segment, planned or completed game launches such as ArcheAge Unchained, Ironsight and Desert Operations, as well as enhancements and updates to existing games such as Fiesta Online and Last Chaos. As a percentage of net revenues, these investments amounted to 12% in 2019 compared to 9% in 2018 which underlines the organic growth ambitions of the group.

Depreciation and amortization in 2019 amounted to EUR 10.5 million (2018: EUR 6.3 million) and increased mainly due to additional PPA depreciation from the latest acquisitions. Accordingly, the groups intangible assets increased from EUR 204.1 million in 2018 to EUR 233.2 million in 2019. The Groups liabilities also increased in 2019 to EUR 143,9 million (2018: EUR 77.8 million) largely due to bond issues as well as a result of increased operations and account payables.



EVENTS IN THE BUSINESS SEGMENTS

GAMING SEGMENT

In the MGI Gaming segment, we offer over 30 Massively Multiplayer Online Games (MMOs) and over 5,000 casual games. These include various role playing, strategy and shooter MMOs, including ArcheAge Unchained, Aura Kingdom, Desert Operations, Grand Fantasia, Fiesta Online and Trove, which have been established on the market for many years. These MMO games, if well maintained and supported with strategic marketing and regular improvement of the game's content, have a lifetime of well over ten years. Regularly we release substantial content updates to keep the players engaged and entertained.

Below you will find an overview of some of our key events in the gaming segment:

Launch of ArcheAge Unchained:

The largest project in 2019 to promote organic growth was the launch of the online role-playing game ArcheAge: Unchained, which is based on the successful ArcheAge game but introduces a new monetization approach. The legacy version of ArcheAge is a free2play MMORPG with a voluntary subscription model. With Unchained, a buy2play version was introduced. Its main goal is to provide a fair and market friendly business model. The product's monetization model has been revamped, including changing the core gameplay, implementing a unique Season Pass system using Fortnite as a reference, and a one-time licensing fee. This allows gamigo to open a secondary revenue stream under the same popular brand, providing users with a choice to either play the free version or purchase the three-tiered Unchained version. Pre-Sales started already in September 2019 with very promising results.

Grand visual relaunch of Desert Operations:

The tactical map of the established strategy game Desert Operations has received a stunning graphics update. Every building model and landscape detail was updated. This increases long-term player engagement and offers an incentive for new players to sign-up to the game. Since its implementation, over 50 percent of players have already switched to the new version, underlining its success. This revision now also allows us to develop and release white-label versions relatively easily, which play in a different time or environment (e.g. Greece, Vikings or even end time scenarios), while retaining the same game features. Here we see the possibility to address further target groups that are not interested in the classic military look.

Acquisition of WildTangent:

In Q2-2019 the major assets of WildTangent (Seattle, US) were acquired. WildTangent runs a platform which offers mainly casual games from external developers while revenues are mainly generated from a subscription-based model with long lifetimes and from In-Game advertising. Following the successful acquisition and fast integration of WildTangent, some updates of the Casual Game Platform have been executed and first synergies with the existing portfolio were realized, especially with the casual game portal Deutschland Spielt. With the acquisition of the WildTangent assets, the number of gamigo's Casual Games has increased in the second quarter to well over 5,000. The acquired business of WildTangent is expected to contribute to revenues with a mid-single-digit million US dollar amount in the current financial year and positively contributed to the gamigo group's EBITDA from the date of acquisition.

RugTales: The click-management title wins first place at this year's TOMMi Awards

Hosted on gamigo's subsidiary Deutschland Spielt, RugTales won in the category "Best PC Game" of the German children software award 2019. The game follows its two protagonists on their journey to save their tiny village. It contains over 50 innovative levels of varying difficulty and detailed wallpapers as well as a beautiful soundtrack. The game is one of many examples of successful titles in gamigo's diverse portfolio.

Other

Various other smaller and larger game updates, sequels and new games have been developed and published within 2019 amongst other for Trove, Aura Kingdom, Fiesta Online, Shaiya, Defiance 2050, Echo of Soul or Rift and pipeline 2020.



MEDIA SEGMENT

In the MGI Media segment we offer products and services in the area of digital advertising. The focus is on the fast-growing areas of social media, video and influencer marketing as well as mobile and programmatic advertising. The Media segment offers services in-house and strengthens the gaming segment and also supplies services for third parties in and outside the gaming industry.

Below you will find an overview of some of our key events in the media segment:

Building the largest influencer marketplace and social media specialist

In May 2019 we successfully acquired the influencer and social media specialist ReachHero GmbH. ReachHero has a leading platform solution for matching influencers and advertisers in Europe. It has earned a reputation as a one-stop-shop for influencer marketing. More than just an influencer hub, they act as an agency, database, analytics tool, and marketplace. Before micro-influencing became en-vogue, ReachHero recognised the effectiveness of targeting niche audiences. They have over 70,000 registered influencers with a combined total of over 750 million subscribers. ReachHero is together with MGI-group companies Mediakraft and Adspree Media that are both also focusing on different parts of social media, consolidated under the umbrella of the Media Elements Group (MEG); enabling brands to run all types of social media and influencer campaigns from concept to production to results. Collectively, the social media specialist MEG has well over 100 employees and 2 billion views per month. MEG is the leading influencer marketplace and social media specialist in the DACH region and preparing for further international roll-out.

Building a programmatic and mobile advertising powerhouse

In June 2019 we further expanded our Media segment with the acquisition of AppLift GmbH, a global mobile growth performance marketing expert and PubNative GmbH, a global mobile ad ex-change. Together with the acquisition of the TV-Smiles and the Verve assets (January 2020) MGI now has a substantial tech-stack and global customer base in ad-tech. All ad-tech companies are being integrated into one company. The new Verve Group is positioned as a data-first brand performance ad platform. Verve Group has a team of over 200 employees in 20+ offices worldwide and its offering includes branded campaigns, brand performance campaigns, and performance-first campaigns. The companies together work with most of the top Fortune 500 global digital brands along with many smaller brands. With ample owned and operated gaming supply as well as over 500 premium publishers connected to Verve Group's platform, including mediation to major walled gardens, the company advocates an open garden approach.

OPERATIONS AND STRATEGY

ABOUT MGI

In 2012, Remco Westermann acquired 100% of the shares in the online games publisher gamigo AG from Axel Springer and stopped the risky games development while implementing a M&A Buy and Build Business model. After more than 25 acquisitions, Remco and his experienced management team turned gamigo AG into one of the fastest growing game publishers in Europe and North America with an compound annual average revenue growth of 31% and an EBITDA growth of 61% since 2014.

One of the first important milestones was the acquisition of Aeria Games and adspree GmbH from ProSiebenSat.1 Media SE in 2016 which expanded gamigo's business activities by adding the online media advertising segment.

In May 2018, Remco and his team built the basis for further enhancing the company's growth strategy by contributing more than 53% of the voting rights in gamigo to Media and Games Invest plc (MGI), in which Remco Westermann acquired a majority stake. Within the new listed entity, the team decided to further extend the successful "Buy, Integrate, Build and Improve" strategy and next to gaming also focus on the synergetic value chain extending segment media.

Through access to capital offered by the stock exchange listing, MGI and its subsidiaries have taken over and integrated six further companies and assets in the media and gaming sectors since May 2018 and further continued the successful development started with Remco acquiring gamigo back in 2012.



MILESTONES

In January 2020 MGI acquired essentially all assets of Verve Wireless Inc

In February 2020 MGI buys out almost all minority shareholders of gamigo and increased its stake from 53% to 99.9 percent



2020

Media and Games Invest (MGI) acquired the majority of gamigo AG and Remco Westermann becomes major shareholder and Chairman of the Board of MGI. gamigo issued EUR 32m in bonds which are listed on Nasdaq Stockholm and FSE. Acquisition of the major assets of US-publisher and game developer Trion Worlds Inc.



2018

In April 2019 gamigo acquired major assets of WildTangent

In May 2019 gamigo acquired 69% of ReachHero GmbH

In June 2019 MGI acquired Applift GmbH and 89% of PubNative

In December 2019 MGI acquired major assets of TV Smiles

In H2 2019 MGI executed a Bond Issue of EUR 15 million and a capital increase of 9.2 million.

In H1 2019 Gamigo issued further EUR 18 million in Bonds with a premium, mainly in Sweden.



2019

gamigo AG repaid its 2013/2018 bond issued in 2013 and acquired the video and social media specialist Mediakraft to strengthen user acquisition possibilities.



2017

gamigo acquired aeria games and seven games media from Pro7Sat1, which becomes shareholder of gamigo. Integrating all B2B media activities under Adspree.



2016

gamigo executed Various acquisitions, eg. Looki Publishing GmbH, an independent publisher.



2015

Restructuring of gamigo AG; lowering costs, stopping risky development. gamigo reaches 30 million registered users.



2013-2014

gamigo purchased a stake in the German developer Reakttor Media in 2010. In 2012 Axel Springer AG sells its entire stake in gamigo AG to the strategic investor Samarion SE - Remco Westermann is announced as CEO of gamigo AG.



2010 - 2012

gamigo expands in Europe with own risk developed games and becomes a 100% subsidiary of Axel Springer in 2009.



2008 - 2009

Foundation of gamigo as an online pc and gaming magazine and later development towards publishing online role-playing games.

2000 - 2007



OPERATIONS IN THE GAMING SEGMENT

In the gaming segment MGI acquires, develops, markets and publishes PC client, browser, console and mobile games mainly for the European and North American gaming market, via its gaming sub-sidiary gamigo Group. The so-called free-to-play massively multiplayer online games (MMOGs) account for the largest share of revenues.

Free-to-play means that users can basically play for free but can purchase goods subject to a charge (so-called "items") within the games. This business model requires continuous support of the games, in close coordination with the players. In addition to in-game events and competitions, new items (e.g. new costumes) and expansions (new functions, levels and opponents) are regularly developed and made available, which increase the gameplay fun and/or enable faster successes. Due to good support for the games, users often remain loyal to the game for several years and can invest money in the game as needed over the entire period. For many of our games, more than 50% of the revenue is generated by users who have been active in the game for more than 5 years.

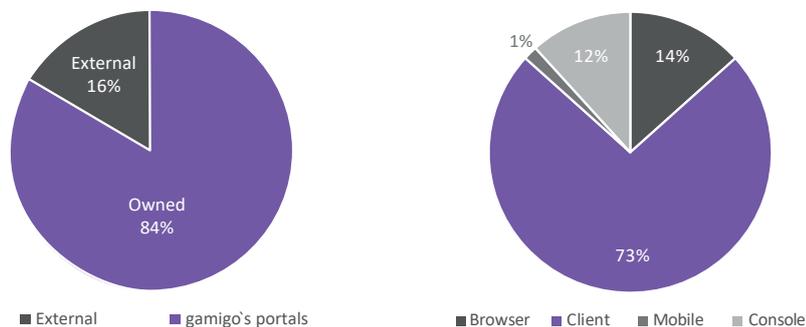
MMOG means that there are often several thousand players in a game or in a server environment, interacting with each other and often organized in player communities (so-called "guilds" or "clans"), which in turn leads to a strong bond between the users and the game.

In addition, more than 5,000 casual games – mostly single-player games – are offered on the platforms of deutschland-spielt.de and WildTangent Inc., mostly sold via monthly subscriptions, which allow users to access all games on the respective portal as desired.

The groups games portfolio comprises both licensed games from third parties as well as games where gamigo has acquired the full IP rights and owns the source code. The games portfolio is well diversified with more than 5,000 casual games and more than 30 massive multiplayer online games ("MMOGs"). The games are primarily offered via the groups own distribution channels which count for 84% of the revenues and a smaller percentage, around 16%, are also distributed through external channels, such as Steam, X-Box Live and PlayStation Network. The groups games portfolio includes PC client games, console games, browser games and mobile games.

In 2019, PC client games accounted for 73% of revenue, while console games accounted for 12%, browser games for 14% and mobile games stood 1%. The Group's PC client and browser games are mainly offered directly to the gamers through MGI's more than 10 game portals owned by the media companies, while console games are offered through X-Box and PlayStation and mobile games through the app stores of Google and Apple. As per the end of December 2019 MGI had more than 600,000 daily active users ("DAU") and more than 5,000,000 monthly active users ("MAU"), illustrating MGI's significant base of active customers.

Sales Split by device & distribution channel in 2019





MGI's key markets are the United States, Germany and France, accounting for 62% of MGI's revenue combined.

#	Country	% of revenue
1	 USA	38%
2	 Germany	16%
3	 France	8%
4	 Canada	4%
5	 UK	4%
6	 Brazil	3%
7	 Australia	2%
8	 Spain	2%
9	 The Netherlands	1%
10	 Poland	1%
Top 10		80%

OPERATIONS IN THE MEDIA SEGMENT

In the media segment, we operate in the market for digital advertising. Digital advertising refers to the provision of advertising content to users via various online and digital channels. Digital advertising uses media such as social media, e-mail, search engines, mobile apps and websites to deliver advertising and messages to the audiences.

Digital advertising, unlike traditional “non-digital advertising”, is highly data-driven. The availability of user data and rich targeting capabilities make digital advertising an important tool for companies to connect with their audiences.

On October 27, 1994, one of the first advertising banners appeared on HotWired.com (the first website of Wired Magazine). Today, digital advertising is used to drive traffic to websites, generate leads, build brand awareness, establish thought leadership, build engaged communities and generate revenue. Since its introduction in 1994, digital advertising has been constantly evolving. Today, the diverse digital advertising landscape consists of various different advertising formats (e.g. social media, video or display ads) running on different platforms (e.g. mobile-web, mobile in-app or desktop).

The advertising ecosystem connects the advertisers and the publishers. The goal of the advertiser is to create and manage advertising campaigns, target them to the right audience and customers, track advertising spend and its results, while finding ways to optimize the offering process and advertising spend.

Publishers - the entities that own the websites or apps - are the digital equivalent of newspapers or magazines - the place where ads are displayed. They provide the “space” for placing ads, manage the ad inventory of various advertisers and collect campaign data.

Gaming companies are on both sides; they are advertisers that drive traffic to their games and are also publishers with lots of advertising spaces in the games that are important for generating revenues.

In digital advertising, the processes between the advertiser and the publisher are very dynamic due to, among other things, the many different formats and platforms and the large amount of data. The so-called Advertising Technology (Ad-Tech) has evolved to control these processes. It consists of tools and software that enable the programmatic (automated) purchase and sale of ads. Programmatic is the automated system that allows millions of ads to be delivered to millions of Internet users via millions of websites and apps - in real time -, that sets prices via bidding mechanisms and that tracks, and measures clicks and reactions and reports them to the advertiser in almost real time.



In general, from an advertiser's perspective, today the first stop in the digital advertising industry is an agency or trade desk, depending on the degree of outsourcing required. An agency's services include the creation, planning and execution of advertising campaigns as a full-service package that allows the advertiser to completely outsource advertising-related activities. A so-called trade desk is still very similar to an agency in its radius of action, but it does not deal with the creation of advertising content. The focus is on the purchase process of advertising inventory, which is ideally enriched with information about the target groups.

The next step in the value chain and a necessary function in programmatic advertising is a demand side platform (DSP). It bundles the demand of advertising customers and enriches it with specific data in order to match the advertising content with the advertising inventory as efficiently as possible. The counterpart to a DSP is a supply-side platform (SSP). It bundles the advertising space offered by publishers and has specific information on the properties of the available advertising inventory. An ad exchange sits between the two sides of the DSPs and SSPs and acts as a marketplace for supply and demand of ad space. This is often done through automated processes via Real Time Bidding (RTB). At the end of the value chain is a publisher who owns a medium or media platform and wants to sell his advertising inventory.

In order to offer the best possible products and services in this very diverse and fragmented market environment, MGI has established two focus units in the Media segment, the Media Elements Group and the Verve Group.

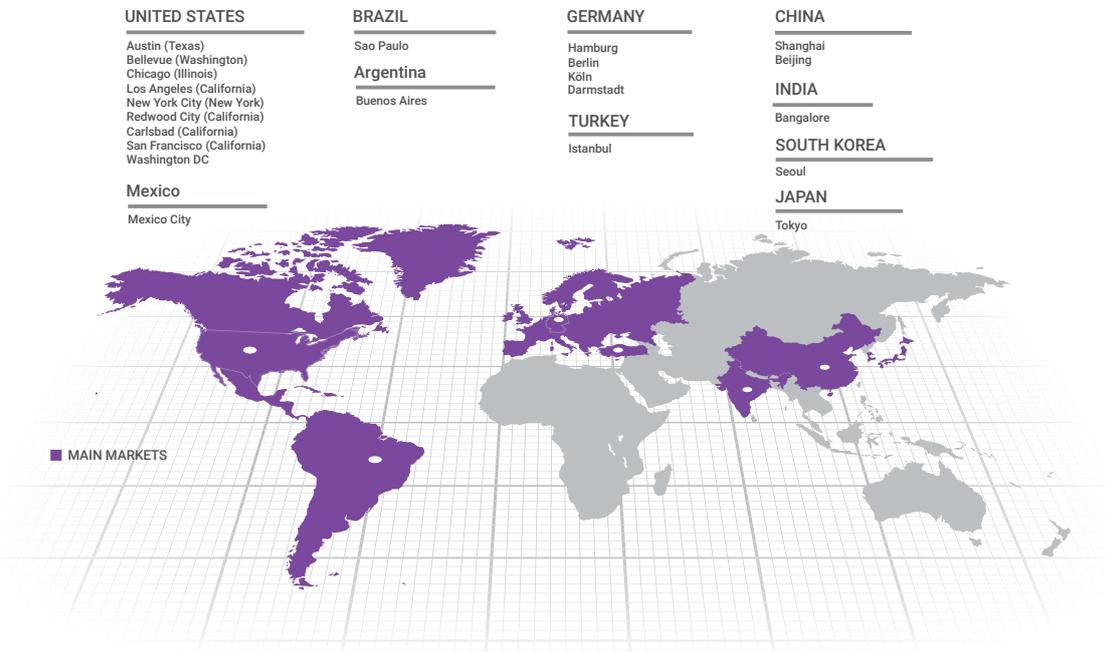
Verve Group combines the three main subsidiaries AppLift, PubNative and Verve and is active in the programmatic ad tech sector, with a clear focus on mobile devices. In this context, Verve coordinates the interaction and trade between advertisers (buy-side or demand-side) and publishers (sell-side or supply-side) in real time and data-based to ensure the highest possible ad quality and transparency. The Verve Group has both a supply side platform on which it bundles sellers of advertising inventory (publishers) and a demand side platform on which it bundles buyers (advertisers). The platforms enable verve's customers for example to buy digital media (advertising inventory) programmatically on its own and various other advertising platform exchanges, acquire and use data to optimize and measure digital advertising campaigns, monitor and manage ongoing digital advertising campaigns in real time and link digital campaigns to offline sales results or other business objectives. In addition, the Verve Group also acts as an agency on the demand side (for advertisers) and supports them in the creation and execution of advertising campaigns. The Verve Group serves all formats (video, display, etc.) and pursues a cross platform strategy with a focus on mobile apps and connected TV. A particular strength lies in the area of location-based as well as brand performance advertising.

Media Elements Group (MEG) brings together the three subsidiaries ReachHero, adspree and Mediakraft and enables advertisers to run all-encompassing campaigns from concept to production to results. In this sense, MEG acts as a full-service agency for digital advertising campaigns for advertisers, the buyers of advertising inventory, with a strong focus on the fast-growing formats of social media, video and influencer marketing. In addition, MEG offers a programmatic Influencer Platform with over 70k Influencers registered, which enables advertisers to plan and manage their complete Influencer core campaigns.



GLOBAL REACH

The MGI Group has various offices in Europe, North America, South America and Asia. Currently MGI has over 600 employees.



OUR VIEW ON THE GAMING MARKET

The video games market is characterized by a large diversity of products. The most common genres include action games, simulations and arcade games, followed by puzzles, adventures, casual games and strategy games. Due to the strong competitive landscape, the video games market is hit-oriented; many games on the market are discontinued after a short period of time; only a few have a long lifetime and generate profit. In gamigo's experience, games with a proven reputation can stay relevant in the market for ten years or more. This is shown not only by gamigo's titles, such as Fiesta Online (2006) or Grand Fantasia (2009), but also by competing products such as Eve Online (2003) or World of Warcraft (2004). Globally, video games companies generate revenue and profit via various business models, including the sale of games or game apps, the sale of in-game items, the sale of games subscriptions and the placement of advertisements in the games. The bulk of revenue within the video games market is generated by selling in-game items and premium versions of games. The game portfolio of gamigo consists mainly of games based on this business model, also known as the free-to-play model.

The global video games market

With more than 2.5 billion gamers in the world, the video games market has stepped into the spotlight as an important digital entertainment industry. Emerging as a subculture back in the 80s and 90s, the global video games market has grown to be one of the largest digital entertainment industries with a CAGR of 13.4% between 2015-2019 and estimated revenues of USD 152.1 billion in 2019. By 2022, the market is expected to have grown further to USD 196 billion, showing no signs of slowing down.

Some games have become significant in size, attracting millions of players, hosting world championship events and creating a strong community among their players. The leading MMOGs Fortnite, League of Legends, and Crossfire generated USD 1.8 billion, 1.6 billion, and 1.4 billion in revenues in 2019, respectively. In 2018, League of Legends hosted its World Championship

¹ ISFE: Key Facts – 2018 trends and data, 2019

² <https://www.game.de/marktdaten/nutzer-digitaler-spiele-in-deutschland-2019/>



event with 200 million viewers. By comparison, the 2019 Superbowl had approximately 98 million viewers.

The global gaming activity is, and has historically been, dominated by individuals in the age group between 6-24 years old. In recent years, the age group between 25-34 years has grown significantly and represents the strongest growing age group with a 8% Year-on-Year (“YoY”) growth in 2018, making it the strongest growing cohort of players. Overall, the share of gamers is well-diversified between genders and age group as outlined in the graph below, 49% of all players in Germany are female and the average age is 36.4 years.^{1,2}

Markets by region

At 49%, half of the worldwide gaming revenue is generated in EMEA (23%) and North America (26%), which are also the largest revenues markets for gamigo.

EMEA

The YoY growth in EMEA is estimated to 11.5% in 2019, making the video games market worth USD 34.7 billion. The EMEA market is mainly driven by the development at the European market, which most of EMEA revenue stems from. Of the USD 34.7 billion revenue in EMEA, roughly 29.9 billion is derived from Europe, which has approx. 370 million active players. The western part of Europe is significantly larger in terms of revenues than the eastern part and account for approx. 86% of the European revenues. gamigo’s focus markets in Europe are Germany, The UK and France, which are the top 3 most largest markets in all of EMEA, with estimated market value in 2019 of USD 4-6 billion in each market respectively.³

North America

The North American video games market is relatively mature and is expected to grow moderately in terms of users and average user spending until 2023. Revenue generated directly from games sales is estimated to USD 19.9 billion in 2019 and will grow to 21.5 billion by 2023, corresponding to a CAGR of 2%. Although the direct spending growth is moderate, revenue and market value from sources such as games competitions, events, streaming and other non-direct game sales is expected to continue growing aggressively.⁴

It is expected that in 2019, with estimated revenues of USD 36.9 billion, the US will overtake China as the world’s largest total market for video games per country, with revenues of USD 35.5 billion.

Combined, the two economies will stand for as much as 48% of the entire video games market.⁵

German Gaming Market

Users in the German games market are highly diversified. A total of over 34 million Germans play computer and video games. Of these, 48% are female and 29% are over 50 years old. The average age is rising steadily and will reach 36.4 years in 2019.⁶

Trends in global gaming

The most important trends on the gaming market in 2020 include subscription and new ways of monetization. This can also be seen in the general tendency of modern people to switch to models in which, after paying a monthly fee, for example, you have access to a library full of individually retrievable content. Netflix and Spotify are just two examples. Gamigo is well prepared for this trend. With its casual games platforms “Deutschland-Spielt” and “WildTangent”, gamigo already offers its users over 5,000 casual games for which a monthly fee must be paid. Whereas gamigo’s monetization in this area has so far largely been based on players having to buy the respective currency of the portal for real money, in 2019 the company has deliberately initiated monetization in the direction of subscription.⁷

³ ISFE: Key Facts – 2018 trends and data, 2019

⁴ Statista

⁵ Statista

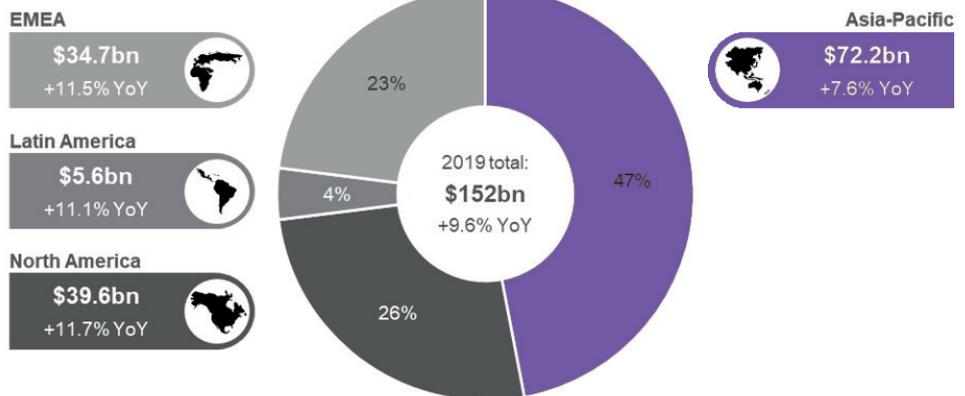
⁶ GAME Verband; German Games Market 2019,

URL: https://www.game.de/wp-content/uploads/2020/01/2019-08-01_game_Plakat_Infografik_Deutscher-Markt_2019-1.pdf

⁷ Newzoo: Newzoo’s Games Trends to Watch in 2020 URL: <https://newzoo.com/insights/articles/newzoos-games-trends-to-watch-in-2020/>



Market value by region



Source: Newzoo, Global games market report, 2019

Metrics: USDbn, percent

OUR VIEW ON THE MEDIA MARKET

The global digital advertising market is expected to remain a strong growth market going forward towards 2023. According to the Statista Digital Advertising report 2019, the total global volume is expected to grow from USD 334bn in 2019 to USD 426bn in 2023, which represents a CAGR of 6.3%. In 2020 Statista expects global ad spending growing further with 11.5 percent yoy to USD 374bn and the Average Ad Spending per Internet User growing with 4.6 percent yoy, to USD 83.58. Social media advertising is expected to post the most attractive growth with a CAGR of 12.1% from 2019 to 2023, followed by Search (8.1%) and Video (6.8%). Ad spendings are following this trend accordingly, mobile ad spend is expected to growth with a CAGR of 14% from 2019 to 2023, while desktop is even expected to slightly decrease (CAGR of -2.2%).

The programmatic ad-tech landscape has a similar structure to the gaming market, with many different apps being published and advertised every day via different channels and platforms. Especially the fast-growing mobile advertising technology market, is highly competitive and penetrated by major players such as the Trade Desk (DSP) or Google Ad Manager (SSP).

With thousands of participants (buyers, publishers and intermediaries) and also various other variables like ad-formats (eg. video, banner, social posting), channels (eg. YouTube, Facebook, google, twitch, tik-tok, digital out of home, connected TV) tracking (who delivered the installation), data compliance, fraud mitigation and data enrichment, the market for online advertising and media is very complex. As in the gaming industry, a process of market consolidation is firmly underway as small players cannot invest enough in technology and change.

Challenges for digital advertising

Ad Blocker

Ad blockers block ads that appear on websites or mobile apps. With the goal of improving the user experience for visitors, ad blockers have an incidental effect on advertisers and publishers. Publishers have found a remedy with native advertising. Because native ads appear as part of the site interface, they are less susceptible to being blocked by ad blockers.

Lack of transparency

Transparency has been at the centre of the digital advertising community's discussions for some time now. Advertising fraud, lack of standard procedures and the difficulty of determining accurate metrics sometimes put a strain on the relationship between brand and publisher.

GDPR

The introduction of the General Data Protection Regulation (GDPR) in Europe has given a large proportion of users control over their personal data, but the strict regulations have pushed advertisers and publishers into the background. And similar regulations are being cemented in the rest of the world, including America and several Asian countries. Programmatic advertising has recov-



ered after a setback in the early months of the post-GDPR world. However, as brands are already engaged in contextual advertising and influencer marketing, digital advertising will undergo a metamorphosis.

Digital advertising trends

Video Advertising

Since 2017, video experienced an upswing and continues to dominate news feeds. New trends like live video and 360-degree video have created new opportunities for marketers to generate engagement. The ability to add Closed Captions (CC) to videos has made them search-friendly, which is a huge change in SEO.

Micromoments

Micromoments are specific cases where users turn to their smartphone to learn more, go somewhere or do something or buy something. Search marketing campaigns coupled with location based advertising can best channel this trend.

Well positioned in the global digital advertising market

Focus on growth drivers

The formats video and social media advertising show the highest predicted growth rates in digital advertising. With the Media Elements Group and over 2 billion monthly video views and over 100 experts in this field, MGI is one of the leading specialists for video and social media advertising. In the area of platforms, mobile is well ahead and is also expected to continue to grow most strongly in the future. The Verve Group has a strong technology base with a full-stack mobile ad platform and is also one of the pioneers in location-based advertising. A team of over 200 employees in 20+ offices worldwide has a clear mobile focus.

Transparency and Quality

Due to the gaming segment, MGI has a high number of own advertising spaces. For these advertising spaces, on the gaming portals and within the games MGI thus can offer high quality. In addition, MGI has a very good direct connection to many other publishers adding even more high quality ad-spaces. MGI strives to continuously optimize the quality and transparency of its services.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, MGI GROUP
(unaudited)

EUR 000's	Note	31 Dec 2019	31 Dec 2018
Intangible assets	2,3	233,207	204,142
Property, plant and equipment		3,521	4,189
Financial assets and other assets		19,864	11,712
Long-term assets		256,593	220,043
Trade and other receivables		22,872	11,803
Cash and cash equivalents		32,984	4,447
Short-term assets		55,857	16,250
Total assets		312,449	236,293
Equity attributable to shareholders of the parent company	6	98,068	67,220
Non-controlling interest		70,490	91,320
Total Equity		168,558	158,540
Long-term liabilities	4	89,347	53,395
Short-term liabilities	5	54,544	24,358
Total liabilities and equity		312,449	236,293

CONDENSED CONSOLIDATED STATEMENT OF INCOME, MGI GROUP
(unaudited)

EUR 000's	Note	Jan-Dec 2019	Jan-Dec 2018
Revenues			
Net revenues	7	83,893	32,621
Own work capitalized		10,187	2,791
Other operating income		4,636	6,506
Total Income		98,716	41,918
Operating Expenses			
Services purchased & other operating expenses	8	-55,815	-22,834
Personnel expenses	9	-27,358	-10,438
Total operating expenses		-83,174	-33,272
EBITDA			
Depreciation, amortization and write-downs	10	-10,543	-6,318
EBIT			
Financial result		-5,758	-1,641
EBT			
Income Taxes		2,012	895
Net Result			
of which attributable to non-controlling interest		1,577	932
of which attributable to shareholders of the parent company (2018 including results from discontinued operations)		-324	4,323
Earnings per share			
From continuing and discontinued operations		-0.01	0.09
From continuing operations		-0.01	0.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MGI GROUP
(unaudited)

EUR 000's	2019	2018
Consolidated profit	1,253	5,255
<i>Items that will be reclassified subsequently to profit and loss under certain conditions:</i>		
Exchange differences on translating foreign operations	457	151
Profit / Loss of hedging instruments	-237	0
Other comprehensive income, net of income tax	220	151
Total comprehensive income	1,473	5,406
<i>Attributable to:</i>		
Owners of the Company	-104	4,474
Non-controlling interests	1,577	932

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, MGI GROUP (unaudited)

	Common stock		Treasury shares		Preferred shares		Capital reserves	Retained earnings/ accumulated losses (-)	Amounts recognised directly in equity	Shareholders' equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
	Shares thousands	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR
Balance at 1 January 2019	59,850	59,850	0	0	0	0	4,346	2,881	143	67,220	91,320	158,540
Consolidated profit								-324		-324	1,577	1,253
Other comprehensive income								220		220		220
Total comprehensive income			0	0	0	0	0	-324	220	-104	1,577	1,473
Capital increases	10,170	10,170					1,071			11,241		11,241
Disposal of subsidiaries												
Acquisition of subsidiaries												
Addition of non-controlling interests due to acquisition of projects											2,304	2,304
Addition of non-controlling interests due to disposal of subsidiaries												
Disposal of non-controlling interests due to disposal of subsidiaries												
Changes in scope of consolidation							19,711			19,711	-24,711	-5,000
Transfer of ownership interest in gamigo AG										0	0	
Proceeds from an unregistered capital increase												
Capital increase												
Balance at 31 December 2019	70,020	70,020	0	0	0	0	25,127	2,558	363	98,068	70,490	168,558

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MGI GROUP (unaudited)

EUR 000's	Note	Jan-Dec 2019	Jan-Dec 2018
Cash flow from operating activities		16,200	4,929
Cash flow from investing activities		-13,070	-14,113
Cash flow from financing activities		25,407	13,111
Cash flow for the period		28,537	3,927
Exchange rate related amendments of the financial funds		0	114
Cash and cash equivalents at beginning of period		4,447	406
Cash and cash equivalents at end of period		32,984	4,447

SELECTED EXPLANATORY NOTES (UNAUDITED)

NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

The interim consolidated financial statements of the Media and Games Invest Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and in consideration of the Interpretation of the IFRS Interpretations Committee (IFRIC) as adopted by the EU. The interim consolidated financial statements as of 31 December 2019 were prepared in accordance with the principles of IAS 34. The Notes are presented in condensed form. The interim consolidated financial statements of the Group as of 31 December 2019 have been neither subject to a full scope audit nor subject to a limited review by a statutory auditor.

In the preparation of the interim consolidated financial statements, the accounting standards and Interpretation have been used valid as of 1 January 2019. The interim consolidated financial statements as of 31 December 2019 were prepared using the same accounting and valuation methods as the preceding consolidated financial statements as of 31 December 2018.

The group has applied the following new or changed standards and interpretations for the first time in the current financial year. The following new and amended IFRSs are required to be applied for the first time in the financial year beginning on 1 January 2019:

- IFRIC 23 Uncertainty regarding income tax treatment
- Changes to IFRS 9 Prepayment rules with negative compensation
- Changes to IAS 28 Long-term investments in associated companies and joint-venture companies
- Changes to IFRS 19 Plan changes, reductions and settlements
- Annual improvements to the IFRS standards cycle 2015–2017 (Changes to IFRS 3, IFRS 11, IAS 12 and IAS 23)

The initial application of the adopted IFRSs has no significant impact on the group and the presentation of the consolidated financial statements. The background in relation to IFRS 16 is the fact that the group has already applied this standard early in the previous year. All mandatory standards and interpretations to be applied by 1 January 2019 for the first time, had no material impact on the Group's net assets, financial position and results of operation. IFRS 16 Leases has to be mandatory applied to annual periods that begin on or after 1 January 2019, however the Group has used the option for early adoption and voluntarily applied IFRS 16 for the first time in the financial year 2018.

NOTE 2 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

The change in Goodwill is mainly related to the acquisitions of AppLift, PubNative and ReachHero in 2019. Other Intangible Assets includes acquired intangible assets, self-developed intangible assets (development expenses), IPs, Licenses and advanced payments on licenses and increased due to acquisitions, further in-house development of the games and technology platforms. Most of the increase of intangible assets pertains mainly from the acquisitions described below in detail.

	December 31, 2019	December 31, 2018
	kEUR	kEUR
Goodwill	147,339	133,756
Other Intangibles	85,868	70,386

Acquisition of the material assets of WildTangent Inc.

On 3 April 2019, MGI's subsidiary gamigo AG assumed material assets and liabilities of WildTangent Inc. (WildTangent) via its wholly-owned subsidiary gamigo Inc. WildTangent is a leading publisher of casual games in Bellevue (Washington)/U.S. By acquiring WildTangent, the MGI Group continues its series of successful acquisitions and takes advantage of the consolidation potentials in the market. Based on its platform strategy, synergies between MGI and its acquired entities can be leveraged and, hence, contribute to the further profitable growth of the Group. By acquiring the assets of WildTangent and Trion Worlds in 2019 and at the end of 2018 respectively, gamigo was able to substantially strengthen its position in the U.S., one of the biggest games markets in the world. WildTangent was acquired in April 2019. The total consideration for the acquisition of the assets and liabilities consists of a fixed cash component (kEUR 4,011) and a contingent consideration. The agreement on the contingent consideration provides for an additional purchase price if the future sales exceed a certain amount. The maximum additional purchase price is kUSD 2,500. The potential undiscounted amount of all future payments which the group has to make under the agreement on contingent consideration is between kUSD 0 and kUSD 2,000. gamigo determined an amount of kUSD 1,650 (kEUR 1,471) as contingent consideration as of 3 April 2019 based on plan-ing. The probability of occurrence is classified as a medium. The corresponding amount was recognized as another financial liability. No further contingent liabilities are to be recorded from the purchase of the assets and liabilities. The acquisition of the material assets of WildTangent Inc. is a business combination in accordance of IFRS 3 "Business combinations". Further details related to the acquisition of material assets of WildTangent Inc. will be disclosed in the audit consolidated financial statements for the year ending 31 December 2019.

Acquisition of ReachHero GmbH

On 17 May 2019, the Group acquired 65.42% shareholding in ReachHero GmbH ("ReachHero"), Berlin, Germany. On the same date, the Group signed a capital increase in ReachHero to increase its shareholding up to 67.38%. The purchase price is settled by issuance of the Company's shares and payment in cash. The number of shares will be issued in line with potential purchase price adjustments and shall be subject to a lock-up period of six to twelve months. The founders will retain a stake in ReachHero and will continue to manage the company. The acquisition of ReachHero GmbH is a business combination in accordance of IFRS 3 "Business combinations". Further details related to the acquisition of ReachHero GmbH will be disclosed in the audit consolidated financial statements for the year ending 31 December 2019.

Acquisition of AppLift GmbH and PubNative GmbH

On 29 June 2019, the Group acquired 100% of the shares in AppLift GmbH ("Applift"), Berlin, Germany for a consideration price of kEUR 5,960. The consideration was partly paid by cash and promissory notes. Applift is a leading international mobile performance agency concentrating on supporting app publisher in branding of their apps as well as customer acquisition for their apps. The majority ownership of Applift to PubNative GmbH and seven further subsidiaries was part of the acquisition deal. PubNative runs a supply side platform that supports app publishers in selling their advertising for best price via bidding mechanisms. The acquisition of AppLift GmbH is a business combination in accordance of IFRS 3 "Business combinations". Further details related to the acquisition of AppLift GmbH will be disclosed in the audit consolidated financial statements for the year ending 31 December 2019.

NOTE 3 DISPOSALS

There were no material sales or disposals in 2019.

NOTE 4 LONG-TERM LIABILITIES

As of December 31, 2019, the long-term liabilities of MGI increased by kEUR 35,952 to kEUR 89,347 (December 31, 2018: kEUR 53,395) largely based on the MGI and gamigo bond issues in 2019 as described below. Parts of the net proceeds from the issues are still available as cash in the bank and are intended to be used for general corporate purposes, including investments and acquisitions and as such give the company enough flexibility for future growth opportunities.

gamigo Bonds

The Group, through gamigo AG, issued a senior secured bond loan of EUR 32 million on 11 October 2018, within a total framework amount of EUR 50 million, primarily on the Swedish and continental European bond market. On 26 March 2019 a tap issues in the amount of EUR 10 million was made over par at a price of 100.50% of the nominal amount. On 18 June 2019 a further tap issue of EUR 8 million of the bond was placed on Nasdaq Stockholm at an over par price of 101.00%. Following this tap issue, the bond has a total outstanding volume of EUR 50 million. The bonds with ISIN SE0011614445 carry a floating interest rate of EURIBOR 3 months +7.75% per annum (EURIBOR floor at 0.00% applies) and matures on 11 October 2022. The bond is traded at the regulated market of Swedish stock exchange and at the open market (quotation board) in Frankfurt/Germany.

MGI Bonds

The Group ("MGI", ISIN: MT000000580101; Symbol: M8G) has successfully placed its MGI 2019/2024 bond (ISIN DE000A2R4KF3) of EUR 15.9 million in a well-chosen private placement. The bond has a total volume of up to EUR 25 million.

The bearer bonds have a nominal amount of EUR 1,000. The interest coupon amounts to 7.00 per-cent p. a. with a quarterly interest payment, for the first time in January 2020. The bond has a term until 11 October 2024 at the latest. An early repayment by the issuer is possible as a whole or in part for the first time in October 2021 at 103 percent of the nominal value. Other early repayment possibilities exist in October 2022 (102 percent) and in October 2023 (101 percent). The covenants of the bond a.o. provide for a minimum equity ratio of MGI of 25 percent. The bond is listed in the open market of the Frankfurt Stock Exchange. The transaction was accompanied by the ICF BANK AG as Sole Lead Manager.

NOTE 5 SHORT-TERM LIABILITIES

The short-term liabilities of MGI increased by kEUR 30,459 on December 31, 2019 to kEUR 54,544 compared to kEUR 24,358 on December 31, 2018. This is due to an increase in trade payables as a result of the Group's increased business activity, as well as outstanding purchase price liabilities in connection with company/assets acquisitions. In 2020 MGI converts the liabilities for company acquisitions into MGI shares and thus settles the purchase price with the sellers and thereof it can be seen as equity while the liability also carries no interest.

NOTE 6 SHAREHOLDERS' EQUITY

As of December 31, 2019, the total shareholders' equity increased to kEUR 168,558 (December 31, 2018: kEUR 158,540) due to capital increases in kind and in cash. The subscribed capital of MGI (kEUR 70,020) increased accordingly by kEUR 10,170 during

2019. The capital reserves (kEUR 25,127) increased by kEUR 20,782 during 2019.

During the year, capital increases in several steps were made. In 2019 the share capital increases with kEUR 10,170 up to the value of kEUR 70,020. Additional transaction was performed by exchanging shares in gamigo AG between non-controlling interests and the Company leading to an increase of capital reserves of kEUR 25,127, and a decrease in non-controlling interests at the same amount.

In the period from 1 January to 31 December 2019, the Group did not grant any share-based options or payments to the employees of the Company.

No dividend payments were made in the presented periods.

NOTE 7 SALES REVENUE

MGI achieved a 2019 sales revenue of kEUR 83,893. The increase of kEUR 51,272 (2018: kEUR 32,621) was mainly due to acquisitions and M&A as well as the full-year consolidation of the gaming segment, which showed an increased share of organic growth of 10%. The expansion of the Media segment, through various acquisitions in mid-2019, contributes to revenues largely from the second half of 2019 onwards.

NOTE 8 SERVICES PURCHASED & OTHER OPERATING EX-PENSES

For 2019, MGI disclosed services purchased and other operating expenses of kEUR 55.815 (2018: kEUR 22,834). The increase of kEUR 32,981 representing a slightly decrease of 3% in relation to the revenues compared to the corresponding figures in 2018. This illustrates the effect of the consistently integration. While revenues are rising strongly, costs are rising moderately due to the integration and exploitation of synergy potentials. We are still in early stage of integration in the media segment. Therefore, we expect, that this will be further improved in the coming periods.

NOTE 9 PERSONNEL EXPENSES

The personnel expenses increased in 2019 by kEUR 16,920 to kEUR 27,358 compared to the prior year's period. This increase is mainly due to the acquired employees of WildTangent, AppLift and PubNative during 2019.

NOTE 10 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs amounted in 2019 to kEUR 10,543 (2018: kEUR 6,318). The increase is mainly due to additional amortization of the acquired companies and assets. In 2019, no impairment charges were made, neither on intangible assets nor goodwill.

NOTE 11 RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the course of consolidation and are not explained in these notes. Details of transactions between the Group and other related parties are given below.

In addition to the Management Board, family members close to the Board and, in principle, the Supervisory Board, investments and the shareholders can all be considered relationships to associated companies and persons under IAS 24 Related Party Disclosures.

The Company indirectly holds 52.6% of the shares in gamigo AG. Remco Westermann holds 90% of the shares in Bodhivas GmbH (Düsseldorf), which in turn holds 76.86% of the shares of the Company, which in turn holds 100% of the shares in Samarion SE (Düsseldorf), which in turn holds 38.8% (36.2% directly and 2.6% via its 100% holding in Persogold GmbH, Hamburg) of the shares in gamigo AG. On the basis of voting right agreements with other shareholders of gamigo AG, the Company indirectly holds 53.2% of the voting rights of gamigo AG. Additional Blockescence DLT solutions GmbH holds another 13,8% of the shares in gamigo AG.

Remco Westermann is part of the three-member Board of Directors of the Company and personally held 90% of the shares in Bodhivas GmbH (Düsseldorf), which in turn held 62.38% of the shares of the Company as at the balance sheet date. He is a member of the Board of Directors of the Company since 31 May 2018 and is the Managing Director of Bodhivas GmbH, Düsseldorf, additionally Jaap Westermann holds 10% of Bodhivas GmbH. Hendrika Westermann is the wife of Remco Westermann, Jaap Westermann is the brother of Remco Westermann, both are directors of Jarimovas GmbH, Dusseldorf. In the reporting period Bodhivas GmbH received Media and Games Invest bonds from the company. The nominal volume amounted to 1,000,000

Euro. The bond was issued free of payment and was partially offset against an existing liability of MGI against Bodhivas. In the consolidated statement of financial position as of 31 December 2019, the Group has stated different short-term liabilities to Bodhivas GmbH GmbH, Düsseldorf, in the total value of kEUR 2,162 (2018: kEUR 9,293) under financial liabilities. In addition, financial liabilities include short-term liabilities to Jarimovas GmbH, Dusseldorf in the amount of kEUR 2,411 (previous year: kEUR 1,758).

René Mueller was a member of the Board of Directors of the Company until 25.02.2020.

René Mueller is also a member of the Administrative Board of GSC General Service Center AG, Zug. In the consolidated statement of financial position as of 31 December 2019, the Company has stated trade payables to GSC General Service Center AG, Zug, in the amount of kEUR CHF 3.889 (2018: kEUR 1). In the period from 1 January to 31 December 2019, the Company was invoiced with a total of kEUR CHF 36.633 for deliveries and services.

Tobias Weitzel is a member of the Board of Directors of the Company, Malta since 31 May 2018. Tobias Weitzel is Director of BSK Becker+Schreiner Kommunikation GmbH, Willich. In the In the period from 1 January to 31 December 2019, the Company was invoiced with a total of kEUR 35.377,53 provision for capital increase.

NOTE 12 OTHER DISCLOSURES

There are no new significant litigations or claims in 2019.

DEFINITIONS OF KEY PERFORMANCE INDICATORS

EBIT	Earnings before interest and taxes
EBIT margin	EBIT as a percentage of net revenues
Operational EBIT	EBIT excluding PPA Depreciation
Operational EBIT margin	Operational EBIT as a percentage of net revenues
Adjusted EBIT	EBIT excluding one-time costs
Adjusted EBIT margin	Adjusted EBIT as a percentage of net revenues
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA margin	EBITDA as a percentage of net revenues
Adjusted EBITDA	EBITDA excluding one-time costs
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net revenues
Equity ratio	Equity as a percentage of total assets
Growth in revenues	Net sales for the current period divided by net sales for the corresponding period of the previous year
Leverage Ratio	Net Interest Bearing Debt divided by EBITDA for the past 12 months excluding Subordinated Loans with PIK Interest
Interest Coverage Ratio	EBITDA divided by net financial items for the past 12 months

PARENT COMPANY

MGI with its headquarters in Valetta, Malta, is the parent company of the group.

REVIEW

This report has neither been reviewed nor audited by the company's auditor.

INVESTOR CONTACT

The latest information on the company is published on its website www.mgi.group. The company can be contacted by email info@mgi.group or soeren.barz@mgi.group.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Remco Werstermann, CEO

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BOARD DECLARATION

In all conscience, we assure, as representative for the Board of Directors of the Company, that the interim consolidated financial statements for the period from 1 January to 31 December 2019 are in compliance with IFRSs, as adopted by the EU, and give a true and fair view of the Group's Net Assets, Financial Position and Results of Operations.

Malta, June 18, 2020

Board of Directors



Media and Games Invest plc

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Malta

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