



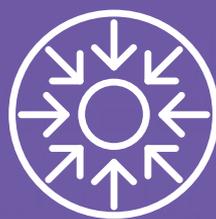
# HALF YEAR REPORT Q2 2020

MEDIA AND GAMES INVEST GROUP "MGI"



**Buy**

Market consolidation via M&A



**Integrate**

Restructuring & realizing synergies



**Build & Improve**

Organic sales growth

#### EXTENSIVE EXPERIENCE

- ✓ GAMIGO CELEBRATES ITS 20TH BIRTHDAY
- ✓ ONE OF THE MOST EXPERIENCED PUBLISHER
- ✓ GROWING 4X FASTER THAN THE MARKET



#### SUCCESSFUL LAUNCHES

- ✓ ARCHEAGE "GARDEN OF THE GODS" EXPANSION
- ✓ TROVE "DELVES" EXPANSION
- ✓ MAJOR CONTENT UPDATES



#### STRONG GROWTH

- ✓ EUR 112M REVENUE LTM (FY 2019: EUR 84M)
- ✓ EUR 22M ADJ. EBITDA LTM (FY 2019: EUR 18M)
- ✓ +35% ORGANIC GROWTH IN THE GAMING SEGMENT



#### UPLISTING TO SCALE SEGMENT OF FRANKFURT STOCK EXCHANGE

- ✓ IFRS (BS, CF, P&L)
- ✓ QUARTERLY REPORTING
- ✓ MARKET ABUSE REGULATIONS
- ✓ TRANSPARENCY
- ✓ INDEPENDENT ANALYST COVERAGE



#### EXPANSION OF MEDIA SEGMENT

- ✓ ACQUISITION OF VERVE AND PLATFORM 161
- ✓ 5BN+ MONTHLY ADS DELIVERED
- ✓ 2BN+ MONTHLY VIDEO VIEWS
- ✓ 750M+ SUBSCRIBERS ON INFLUENCER CHANNELS





## HALF YEAR REPORT Q2 2020 Media and Games Invest Group "MGI"

### 35% ORGANIC REVENUE GROWTH IN THE GAMING SEGMENT

*"The continuation of our "Buy. Integrate. Build & Improve" strategy led to substantial revenue (98%) and EBITDA (54%) growth in the first half of 2020 where we hit the EUR 110m+ in revenues based on the last twelve months. While we were able to show a strong organic revenue growth of 35% in the gaming segment in Q2 (quarter on quarter), we strengthened our media segment through the Verve acquisition which shows increasing profitability despite COVID-19. With the acquisition of the Verve assets and the subsequent and ongoing integration of the entire media business under the umbrella of the Verve Group, we will have two strong motherships (gamigo in the gaming segment and Verve in the media segment), through which we can efficiently integrate future acquisitions. Following the strong performance of the last twelve months, we increased our revenue target from EUR 110m to EUR 115 - 125m which reflects up to 49% YoY revenue growth,"* says Remco Westermann, Chairman of the Board (CEO) of MGI.

### THE SECOND QUARTER 2020

- Net revenues amounted to 30.0 mEUR (Q2 2019: 15.2 mEUR), which is an increase of 97% compared to Q2 2019. The sales growth is largely based on organic growth in the gaming segment. The number of new players as well as the number of active players increased significantly in Q2, which in turn led to a strong increase in revenues. In addition to the Corona-related stay-at-home policy, this is largely based on numerous events and updates within our portfolio as well as two major expansions in our Triple A games ArcheAge and Trove.
- EBITDA amounted to 6.3 mEUR (Q2 2019: 3.7 mEUR), which is an increase of 68%, following the strong organic growth in the gaming segment in the second quarter as well as the successful integration of the acquisitions in the media segment. In particular, the integration of the Media segment under the leadership of the Verve Group provides further cost synergy effects and is starting to show an increasing profitability, which we expect to continue in the coming periods.
- Adjusted EBITDA amounted to 6.7 mEUR (Q2 2019: 3.9 mEUR), which is an increase of 72% (Adjusted EBITDA excludes one-time, M&A and financing costs).
- Operational EBIT grew to 3.8 mEUR (Q2 2019: 2.3 mEUR), which is an increase of 67% (operational EBIT excludes PPA depreciation). Operational EBIT-margins decreased from 15% in Q2 2019 to 13% in Q2 2020 due to an increased B2B revenue share but grew strongly in total numbers.
- EBIT increased to 3.0 mEUR (Q2 2019: 1.6 mEUR), which is an increase of 84%, while EBIT margins remains stable at 10% despite the fact that we have an increasing media segment which by its nature has lower margins than the gaming vertical.
- The net result amounts to 0.4 mEUR in Q2 2020 (Q2 2019: 0.3 mEUR) which is an increase of 22% despite the increased PPA depreciation as well as financial expenses.
- The interest coverage ratio remained stable at 3.5 in Q2 2020 compared to 3.6 in Q2 2019 despite the increased financial expenses after several bond issues to finance M&A transactions and the buyout of minority shareholders of gamigo AG.
- The leverage ratio on June 30, 2020 with 3.6 showed a strong deleverage compared to 4.2 on March 31, 2020 due to an increased reported EBITDA as well as an increased cash position due to a free cashflow. Based on adjusted EBITDA the leverage ratio decreased on June 30, 2020 to 3.2 compared to 3.7 as of March 31, 2020.
- Operating Cashflow amounted to 4.7 mEUR (Q2 2019: 3.4 mEUR), which is an increase of 40% despite a negative working capital effect of 2.0 mEUR which reflects the strong cash generation of the group.
- As of June 30, 2020, cash and cash equivalents amounted to 15.5 mEUR (March 31, 2020: 13.0 mEUR) which is an increase of 19% due to a free cash flow and a small tap issue of the MGI bond, providing sufficient headroom for organic growth and acquisitions in the coming periods where Platform 161 has already been executed within July 2020.



## SELECTED KEY PERFORMANCE INDICATORS, MGI GROUP

In mEUR	MGI Group Q2 2020	MGI Group Q2 2019	MGI Group H1 2020	MGI Group H1 2019	MGI Group FY 2019
Net Revenues	30.0	15.2	56.6	28.6	83.9
YoY Growth in revenues	97%	-	98%	-	157%
EBITDA	6.3	3.8	11.6	7.5	15.5
EBITDA margins	21%	25%	21%	26%	19%
Adj. EBITDA	6.7	3.9	12.7	8.4	18.1
Adj. EBITDA margins	22%	26%	22%	29%	22%
Operational EBIT	3.8	2.3	6.6	4.5	7.8
Operational EBIT margins	13%	15%	12%	16%	9%
Net Result	0.4	0.3	0.5	0.9	1.3

## SELECTED KEY PERFORMANCE INDICATORS, MGI SEGMENTS

In mEUR	MGI Gaming Q2 2020	MGI Gaming Q1 2020	MGI Gaming FY 2019
Net Revenues	18.8	13.9	43.1
YoY Growth in revenues	63%	52%	51%
EBITDA	5.3	4.5	12.6
EBITDA margins	28%	32%	29%

In mEUR	MGI Media Q2 2020	MGI Media Q1 2020	MGI Media FY 2019
Net Revenues	11.2	12.6	40.8
YoY Growth in revenues	37%	48%	49%
EBITDA	1.0	0.8	2.9
EBITDA margins	9%	7%	7%

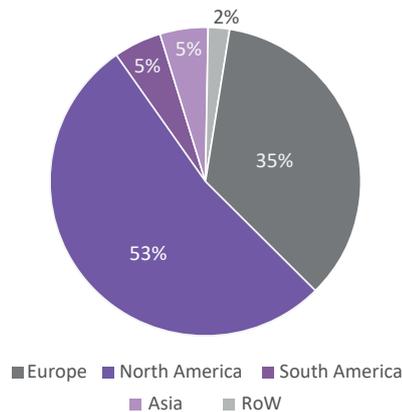
## THE HALF YEAR PERIOD 2020

- Net revenues amounted to 56.6 mEUR (H1 2019: 28.6 mEUR), which is an increase of 98% compared to the first half 2019. By far the largest share of our revenues in the first half year was generated in our core markets North America (53%) and Europe (35%).
- EBITDA amounted to 11.6 mEUR (H1 2019: 7.5 mEUR), which is an increase of 54%. Next to a strong organic growth in the gaming segment, EBITDA increased through the advanced integration of the Media segment under the umbrella of the Verve Group which showed in Q2 2020 quarter on quarter an increase in EBITDA margins from 7% to 9%.
- Adjusted EBITDA amounted to 12.7 mEUR (H1 2019: 8.4 mEUR) which is an increase of 51%.
- EBIT developed very strong and increased to 5.1 mEUR (H1 2019: 3.3 mEUR), which is an increase of 55%.
- Operational EBIT amounted to 6.6 mEUR (H1 2019: 4.5 mEUR) which is an increase of 48%.
- The net result for H1 2020 amounted to 0.5 mEUR (H1 2019: 0.9 mEUR) and decreased slightly due to the increased financial expenses and PPA depreciation following the M&A transactions as well as the drawn credit line to finance the gaming minority buy-out.



- As of June 30, 2020, cash and cash equivalents decreased and amounted to 15.5 mEUR (December 31, 2019: 33.0 mEUR) and includes the cash outs for the purchases of the gamigo shares and verve assets completed in Q1 2020. The strong liquidity position together with our increased operating cashflow gives us enough flexibility for future organic growth as well as to execute further M&A transactions while we have a stronger M&A pipeline due to covid-19 as less buyers are currently in the market.

#### MGI GROUP H1 2020 REVENUES BY REGION



#### SEGMENT REPORTING GAMING

- Net revenues in the second quarter amounted to 18.8 mEUR (Q1 2020: 13.9 mEUR) which is an increase of 35%. This growth has been completely organic, as we did not do any gaming acquisitions in Q1 and Q2 2020. The main revenue drivers in Q2 2020 have been ArcheAge, Trove and Aura Kingdom which received substantial content updates during the COVID-19 pandemic which have been well received within the gaming community while also the other top 10 MMO games as well as our casual game platforms showed strong organic revenue growth.
- EBITDA in the second quarter amounted to 5.3 mEUR (Q1 2020: 4.5 mEUR) which is an increase of 18%. With 28% EBITDA Margin, the margin is 4% below Q1 2020 due to an increased marketing spend to get more new players into the games which has been due to the covid pandemic very efficient as people stayed at home. MGI expects a strong long term effect from the new players as in our multiplayer MMO Games people stay for years if they are once in the game, build up their character class and have become member of a clan/gilde.

#### SEGMENT REPORTING MEDIA

- Net revenues amounted to 11.2 mEUR (Q1 2020: 12.6 mEUR) which is a decrease of 11% due to less marketing spend of some advertisers during the COVID-19 pandemic. Comparing this to the market with a decrease of +30% (Source: Uplers: The impact of COVID-19 on digital agencies: A survey report) shows that we are well positioned within crisis proof digital verticals like gaming, online-banking and food delivery. However, as we also have advertisers from the travel industry and sports, we also saw an overall slight revenue decline while in Q3 we already see strong organic growth within the verticals which will drive media revenues and margins.
- EBITDA amounted to 1.0 mEUR (Q1 2020: 0.8 mEUR) which is an increase of 26% despite the COVID-19 pandemic. While EBITDA in the Media segment is overall improved, the EBITDA margin is with 9% still at a lower level due to the recent acquisitions and the ongoing integrations in this area. After the full integration, we expect long-term 15%-20% EBITDA-margins, which will be lower than the margins in the gaming segment. This is however not factoring in internal gains between the games and media sectors like eg. more efficient customer acquisition for our games.



## OPERATIONAL HIGHLIGHTS

- **Gaming Segment:** In the second quarter MGI reported 35% organic revenue growth compared to the first quarter 2020. This is particularly remarkable against the background of the negative seasonal effects that are actually common in this period. In addition to the Covid-19 effects and increased marketing spends, which led to a significant increase in the number of new players (up to 75%) and player activity (up to 31%), this is mainly due to the release of two extensive game expansions in ArcheAge (Garden of the Gods) and in Trove (Delves) which drove organic revenue growth in the second quarter of 2020.
- **Media Segment:** While the media segment reported in the second quarter 2020 a slight revenue decrease the EBITDA increased by 26% to 1.0 mEUR (Q1 2020: 0.8 mEUR) due to realized cost synergies within the Verve Group companies. Furthermore, the media segment had a very strong start into Q3'20 and operates already at higher revenue levels than before covid-19 and thereof will increase revenues and margins in the coming periods organically.

## EVENTS AFTER THE INTERIM PERIOD

- On 13, July 2020 we acquired 100% of the shares of Platform 161 Holding BV including its subsidiaries. We expect the acquisition to generate additional revenues of at least EUR 10 million and an additional EBITDA of more than EUR 1 million on a twelve-month basis. The purchase price was not disclosed. Platform 161 is a leading demand-side platform (DSP) for programmatic advertising that automates the purchase of advertising space and advertising inventory. Headquartered in Amsterdam, Netherlands, the company has offices in Madrid, Hamburg, Istanbul, New York and Stockholm. Programmatic Advertising is currently the fastest growing segment in the digital advertising market. In Germany, almost every second advertising euro in 2019 was spent online via Programmatic Advertising. Customers are provided with customized advertising in real time - with data-supported, automated and customized buying and selling and bidding for digital advertising spaces. With the acquisition of Platform 161, founded in 2008, MGI's media segment will be further expanded. Following the recent acquisitions of Applift, Pubnative and the key assets of Verve Wireless, this is another strategic acquisition that expands the group's technological expertise, product portfolio, customer base and sales organization in the digital media sector and opens up new markets.
- MGI agreed with the founders and minority shareholders of the influencer subsidiary ReachHero, which successfully operates an influencer agency business and a digital SaaS influencer platform, to acquire their remaining block of shares and subsequently will hold 100% of the shares. ReachHero works closely with Mediakraft and Adspree in MGI's media business and offers a comprehensive package of services to both advertisers and influencers. The parties have agreed not to disclose the purchase price. The acquisition of the minority interests enables the further integration of the company and will lead to further positive synergy effects.
- On 13, July 2020 we have been listed in the Scale Segment of the Frankfurt Stock Exchange. Previously the MGI shares were listed in the Basic Board. The change to the Scale segment goes hand in hand with higher information and transparency obligations. Among other things, MGI has been publishing quarterly reports since Q1 2020 and thus already fulfils the main post-inclusion obligations of the Prime Standard.



## A WORD FROM REMCO WESTERMANN, CEO

*"The global Corona crisis dominated the first half year of 2020. However, unlike many others, we are fortunate to be active in the gaming industry, a sector that has already proven to be relatively resistant to economic crises and now again during Corona. As a result, we were able to substantially increase our gaming revenues organically in the past quarter. Player activity increased heavily in H1 2020, based on the 'stay-at-home' policies but also based on the successful releases of various updates and events in our games. In addition to the strong performance of our games segment, our Media segment also continued to show its synergy towards the game segment. The Media Segment overall, remained stable due to its orientation on gaming and e-commerce, compensating losses within more traditional travel and media advertisers. Overall we were able to substantially grow our revenues, with H1 revenues growing to Euro 56.6 million from Euro 28.6 million last year and EBITDA growing to Euro 11.6 million from Euro 7.5 million last year.*

*To generate additional revenues of our owned game licenses MGI is also pursuing outlicensing. In the second quarter we were able to enter into a partnership for Trove, one of MGI's Top 10 games, with a Korean games publisher who will localize the game for the Asian region and publish it in this region. Another highlight was the 20th anniversary of our gaming subsidiary gamigo in the second quarter of 2020. In addition to the established Massively Multiplayer Online Games (MMO's) Fiesta Online, and Last Chaos, which are now 13 and 15 years old and still continue to generate considerable revenues, we have also successfully launched triple A games - such as "ArcheAge: Unchained" in 2019. To celebrate the 20th anniversary, there were numerous gifts and events for loyal players within the broad gamigo games portfolio. Also to underpin our focus on sustainability, a cooperation with "Eden Reforestation Projects" was started, to help reforest forests together with the players - a great success with over 100,000 trees planted.*

*An important part of MGI's success in gaming is the active use of state-of-the-art technologies. In the past, we have continuously invested in the further development of technology. By developing and constantly improving our own technologies in the area of platform as well as cloud applications, we have been able to reduce gamigo's technology costs from over 40% to below 10% of revenues over the past six years, while at the same time significantly increasing the variabilization of costs as well as the quality of service. At the same time, it enables us to integrate newly acquired gaming companies quickly and efficiently on the technology side and thus making them more profitable much faster.*

*Another major event in the first half year was the acquisition of the Verve Assets in January 2020. On the media side we are now, via integrating all media companies, working on establishing a core integrated media unit. This is similar to what we did on the games side, where all gaming companies were integrated into gamigo and where each later acquisition can be fast end efficiently be integrated into the previously established core unit. With now over 10 acquisitions of media companies, including that of Platform 161, at the beginning of the third quarter, we have acquired a very synergetic group of media companies that after further integration will further increase its profitability. With our stand-alone profitable media segment, we now have extensive, worldwide and cost-effective access to traffic with a clear focus on mobile traffic. This now enables us to generate efficient and high-quality traffic for our own games in-house. Here we see further potential to use this mobile media power for our gaming segment and to expand MGI's portfolio with various mobile IPs in the future. At the same time, we have the possibility to convert existing games to mobile devices and release them for new markets. We expect that the media group will create a clear competitive advantage regarding user acquisition for our games, while, based on know-how, data and critical mass also generating substantial revenues and returns from external customers.*

*All in all, I am proud of what we have achieved in the first half of the year, especially in view of the circumstances that have meant and still mean a major change for all of us. Working from home, eg worked out pretty well for the team, while on the other hand eg. M&A processes due to travel restrictions were delayed. On the finance side we did an uplisting into the Scale segment on the Frankfurt stock exchange committing to higher transparency standards including quarterly reports. As a step towards increased emphasis on investor relations, including a stronger focus on Scandinavian and Anglosaxon investors, particularly with a video gaming sector focus, MGI is evaluating a dual listing in Sweden. Based on the substantial growth potential via M&A we will, both in connection with a potential dual listing and otherwise, continue to actively explore equity and non-equity financing options available on the capital markets in addition to the reinvestment of our own cashflow from operations.*

*For the second half as well as next years we expect to further continue our fast and profitable growth via a combination of organic and M&A based growth. I am looking forward to the second half of 2020 and wish all our employees, partners, investors and all their families good health and all the best."*

Remco Westermann  
Chairman of the Board of Directors and CEO of Media and Games Invest Group



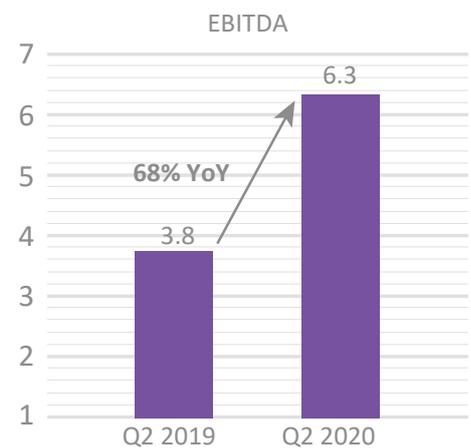
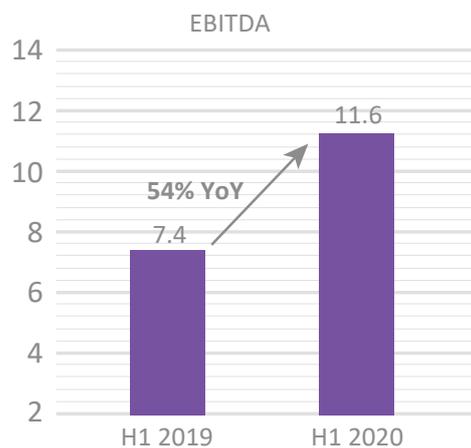
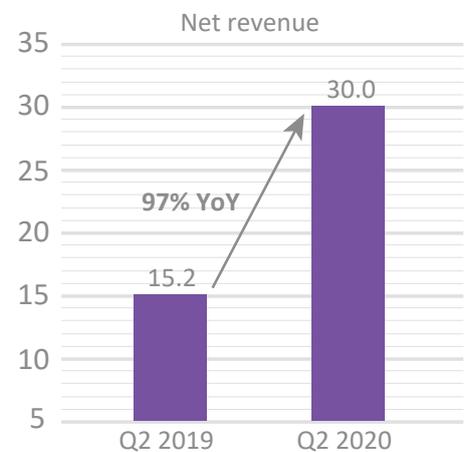
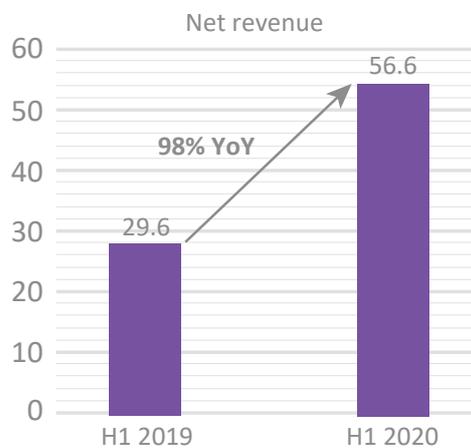
# FINANCIAL PERFORMANCE, FIRST HALF YEAR 2020

## CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

The first half year of 2020 showed as well as previous years strong revenue growth. Revenues amounted to 56.6 mEUR. Compared to the previous year, this represents a strong increase of 98% (H1 2019: 28.6 mEUR). The increase in revenues during the worldwide crisis triggered by Corona is mainly due to a very well performing gaming segment, while the media segment has remained relatively stable despite some sharp declines in advertiser budgets, due to a strong orientation towards a digital customer base especially towards the gaming industry. Net revenues for the second quarter amounted to 30.0 mEUR (Q2 2019: 15.2 mEUR), which is an increase of 97% compared to corresponding period of the previous year.

The EBITDA amounted to 11.6 mEUR (H1 2019: 7.5 mEUR) which is an increase of 54%. The EBITDA margin decreased to 21% (H1 2019: 26%) due to the increased Media revenue share which by its nature has lower margins than the gaming vertical. Despite the ongoing integration of the Media segment, the EBITDA margin already increased compared to Q1 2020 (20% EBITDA Margin) and will show further synergetic revenue and cost-efficiency effects in the coming periods. Adjusted EBITDA excluding one-time costs amounted to 12.7 mEUR (H1 2019: 8.4 mEUR) which is an increase of 51%. Operational EBIT grew to 6.6 mEUR (H1 2019: 4.5 mEUR), which is an increase of 48% (operational EBIT excludes PPA depreciation). Reported EBIT for the second quarter 2020 improved to 3.0 mEUR (Q2 2019: EUR 1.6 mEUR), which is an increase of 84%.

The consolidated net result H1 2020 amounted to 0.5 mEUR (H1 2019: EUR 0.9 mEUR). The decrease in net result results from increased financial expenses as well as increased PPA depreciation following acquisitions.





## CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to 10.8 mEUR in H1 2020 (H1 2019: 5.8 mEUR), representing an increase of 86% underscoring the strong cash generation of the operating activities. The corresponding number for the second quarter 2020 is 4.7 mEUR (second quarter 2019: 3.4 mEUR). The equity ratio was 47% as of June 30, 2020 (December 31, 2019: 54%) and thus, the equity de-creased due to the bond issues as well as further financing for the gamigo minority buy-out and 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 15.5 mEUR as of June 30, 2020 compared to 33.0 mEUR as of December 31, 2019 and decreased as a result of the latest acquisitions of the Verve Assets and the gamigo minority buy-out. The interest coverage ratio in the second quarter was 3,5 compared to 3,6 in Q2 2019 and as such remained stable despite the bond issues and increased interest expenses. The leverage ratio on June 30, 2020 with 3.6 showed a strong deleverage compared to 4.2 on March 31, 2020, due to an increased EBITDA as well as an increased cash position due to the free cashflow of the Group.

## INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

In H1 2020, MGI invested 8.0 mEUR (H1 2019: 3.7 mEUR) in strategic product and platform development (personnel expenses) and expanded the inhouse development for games and media companies to leverage organic growth in 2020 and beyond. Capitalized own work includes investments in the optimization and further development of the IT platforms in the gaming and media segment, as well as enhancements and updates to existing games such as ArcheAge, Trove and Aura Kingdom. As a percentage of net revenues, these investments amounted to 14% in H1 2020 compared to 13% in H1 2019 and increased slightly due to the organic growth ambitions of the group which starts to pay off.

Depreciation and amortization in H1 2020 amounted to 6.6 mEUR (H1 2019: 4.3 mEUR) and increased mainly due to additional PPA depreciation from the latest acquisitions. Accordingly, the groups intangible assets increased from 233.2 mEUR in December 31, 2019 to 254.5 mEUR on June 30, 2020. The Groups liabilities also increased in H1 2020 to 172.5 mEUR (December, 31 2019: 143.9 mEUR) largely due to further bond issues as well as a drawn credit line from UniCredit Bank in the amount of 7.5 mEUR while 2.5 mEUR of the 10 mEUR term-loan have been repaid as planned by end of June 2020.



## 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:

Along with content updates for individual games, we also cross-promote multiple titles through engaging campaigns targeted at new and existing players. Two of the most successful projects in Q2 included our cooperation with the charity "Eden Reforestation Projects" as well as the campaign #playaparttogether, which has been endorsed by not only a multitude of industry partners but also the World Health Organization. Both of these projects were launched during the international quarantine, which led to wide participation of users looking for entertainment during their stay at home.

With over 111,000 thousand trees planted by gamigo's community, the partnership with Eden Re-forestation Projects proved to be highly successful. Players were able to purchase different packages for each participating game on a newly created website. Players were inspired even further by leaderboards to show how many trees each community has funded and how many players have taken part. This not only ensured that existing players felt a sense of accomplishment by participating in the event but also targeted potential new players with a charitable incentive to start out in one of our many games. The second project, the #PlayApartTogether Initiative, featured an official gamigo #StayHome website showcasing all of gamigo's highlight games while additionally offering valuable bonus items and special events to increase player engagement in the second quarter.

#### ARCHEAGE UNCHAINED RELEASED DLC "GARDEN OF THE GODS"

The Buy2Play version of ArcheAge, the ultimate sandbox MMORPG, ArcheAge Unchained has continued to provide premium experience gameplay in the second quarter of the year. It received a content expansion on June 11th called "Garden of the Gods" which is the first purchasable download content since the launch of ArcheAge Unchained in Q4 2019. The expansion introduces new regions with 59 new main storyline quests to complete. The game's story has been guiding players to this place for 6 years, truly since the beginning of ArcheAge. It also brings 14 new areas as well as new challenging world bosses and monsters. This latest expansion grew the game's revenue organically from March to June by 165%.

With this new expansion two new fresh start servers have opened. To showcase its unique game experience, ArcheAge Unchained hosted two free trial sessions in Q2, opening doors to the players who have not been able to check out the game previously. ArcheAge is continuing to offer more exciting adventures in the 2nd half of the year by celebrating the anniversary of the game as well as upcoming new content updates.

#### TROVE INTRODUCED EXTENSIVE UPDATE "DELVES"

In May 2020 MGI introduced Delves, an extensive Update for the adventure MMO Trove which was launched on the PC Client version. In July 2020 Trove Delves was also launched on Sony PlayStation and Microsoft Xbox. Delves offers a new type of gameplay, combining the Geode caves with procedurally generated endless combat. Players are running through a Delve – an extensive underground complex – to complete objectives defeat the boss of each floor, loot his rewards and gain the opportunity to progress deeper and deeper into the Delves depths. As the depth increases, so do the challenges and the rewards. Up to eight players in total can enter a Delve. The Delves allow players to use their Geode Cave Modules for exploration and also feature a combat mode. Unlike adventure worlds where players switch between combat and build mode, players can switch in Delves between combat and discovery mode.

This major update was very successful from a content and sales perspective. Despite the great success of the update, Trove holds further significant potential in monetization and content enhancements.



In June MGI staged the biggest party of the year in Trove: Sunfest. It was not just a tremendous event for players, but also Trove's celebration for its 5th birthday. Trove players joined the fight against the invasion of shadow pinatas across the world, defeating dastardly Sunfest Invaders to obtain special house coins and exchange them for great rewards.

MGI is actively expanding the Trove brand by localizing the game and forming publishing partnerships in the SEA, CIS and LATAM territories. A partnership with a Korean publisher has been closed and the technical implementation is in its final phase. Further negotiations with other publishers are far advanced. MGI is convinced that these territories still hold untapped potential especially with a strong brand like Trove.

Opportunities to publish Trove on new platforms such as mobile are currently under investigation as well. This will further strengthen the brand and will open an access to new customers groups.

### AURA KINGDOM

Aura Kingdom is the go-to MMORPG for Fans of the Anime Genre that offers a colorful and exciting world for players to discover. Just recently, Aura Kingdom received a new level cap increase which opened two large new maps for players to conquer, new dungeons to master, countless new customization items and features for their characters and companions to collect.

In Aura Kingdom, players have the opportunity to choose between 16 playable classes with different kinds of attributes like healer, tank, ranged, melee and support. Further progress with the character unlocks the special dual class system which provides the option to receive a secondary class that can be played as well. The game offers a vast selection of interesting secondary Player versus Environment (PvE) content like minigames and professions like card battles, archeology, fishing, cooking and Eidolon Adventures are a great way to keep people involved with existing tasks to do and are supplemented with new updates on a monthly basis.

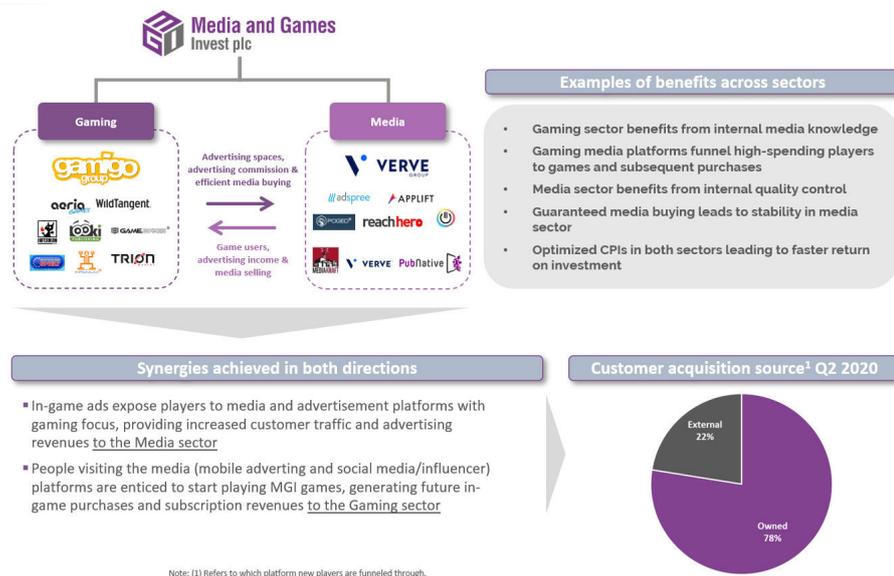
### TWIN SAGA: WELCOMES SPRING WITH NEW AREAS TO EXPLORE AND MORE!

gamigo's established Anime RPG introduced multiple updates and new events in Q2 for its audience. Anime RPG fans were able to reach for the stars in an all-new feature, explore challenging dungeons and attend the Sakura Blossom Festival in new seasonal events. For long-term players, a new dungeon, two new areas and many endgame events have been added to keep engagement high.

## MEDIA SEGMENT

In the Media segment we offer products and services in the field of digital advertising with great synergies towards gaming. MGI's business model combines better and more efficient user-acquisition with powerful media purchasing power at scale as shown below:

The Media segment is combined under the umbrella of the Verve Group. The Verve Group focuses on the fast-growing areas of ad-tech (programmatic advertising) and influencer and social media





marketing. The Media segment offers in-house services, thus strengthening the gaming segment, and also provides services for third parties within and outside the gaming industry. The following is an overview of some of our events in the Media segment in the past quarter.

#### **CONSOLIDATION BENEFITS WITHIN VERVE GROUP**

Following the acquisition of the Verve Assets in January 2020, the activities of the media companies were integrated into the Verve Group. The consistent integration brings efficiency gains in the operative area and at the same time saves a considerable amount of costs for the server infrastructure. During the second quarter, the media segment saved more than 30% of its cloud technology costs due to synergy benefits such as shared cloud services and colocation of our market-places. These synergies not only result in cost savings, but also create organic growth opportunities by enabling our global sales team to distribute our unified product and service offering.

#### **26% INCREASE OF EBITDA IN THE MEDIA SEGMENT DESPITE COVID-19**

While the media segment reported in the second quarter 2020 with 11.2mEUR a slight revenue decrease of 11% (Q1 2020: 12.6 mEUR) it remained stable compared to the overall market with a decline of more than 30%\*. Thereof MGI proves that it is well positioned within crisis proof industries like gaming and food advertisers. While the revenues decreased the EBITDA increased by 26% to 1.0 mEUR (Q1 2020: 0.8 mEUR) due to realized cost synergies within the Verve Group companies. Furthermore, the media segment had a very strong start into Q3'20 and operates already at higher revenue levels than before covid-19 and thereof will increase revenues and margins in the coming periods organically.

Through increased cooperation between the companies, the expansion of our sales capacities and our international sales, we expect strong revenue growth in Q3 and beyond. The global distribution of our products will enable us to address demand in several markets that are gradually recovering more strongly than others, resulting in a more balanced and diversified income stream and greater resistance to market changes.

At the same time, we are promoting innovations that will be of crucial importance in the media segment in the future, such as networked TV solutions or advertising for the VR space. Another key development is our video ad offering, which we have already doubled in the H1 2020, and we plan to continue this trend in H2 2020 and beyond.

#### **INTERNATIONAL SALES EXPANSION**

On the sales front, we announced expansion into a number of new countries - Australia, New Zealand, Colombia and Mexico. In addition to the successful renewal of our operations in South Korea, this expansion not only brings our expertise to new markets, but also creates a number of innovative mobile growth opportunities for brands, agencies and publishers. We also doubled our sales expansion in the USA and filled positions on both the east and west coasts. The international sales team is creating greater opportunities for brands, agencies and publishers worldwide.

\*Source: Uplers - The impact of covid-19 on digital agencies: A survey report



## OPERATIONS AND STRATEGY

### 35% ORGANIC GROWTH IN THE GAMING SEGMENT

The gaming industry was one of the few industries that not only did not suffer during the COVID crisis and especially during the tough containment measures, but even benefited from it. Also, MGI's gaming segment has seen a significant increase in new players (75%\*) and user activity (31%\*) during this period. It is crucial to keep players engaged and entertained through the continuous delivery of new content and dedicated activities when it comes to long-term motivation, which also increases the chance of turning new active players into paying players and keeping them in the game for the long term. MGI was able to do this very successfully in the past months. As a reaction to the strong increase in the number of players during the lockdown phase, MGI concentrated on significantly increasing and improving the community management and at the same time providing new content for the players. Besides numerous smaller updates and events, especially two extensive expansions were launched in ArcheAge and Trove. Additionally, the user acquisition was intensified. Among other things, an extensive marketing campaign was successfully executed in the Playstation Store for the release of the Trove expansion "Delves". As a consequence, **revenue grew in Q2 organically by 35%** compared to Q1.



\*Organic growth in the gaming segment from Q1 to Q2 2020

The high increase in user activity during the lock-down shows the growing importance of games as a social platform. According to Newzoo, this is also one of the most significant trends in the gaming sector in the coming years. "Ten years ago, younger generations were leaving behind traditional media for social media; today, they are leaving behind social media for more interactive experiences. After all, many game worlds are more immersive than social media apps. Gaming's feedback loop is often more instant, more satisfying, and in many respects, more social."\*\* MGI's core portfolio of more than 25 massive multiplayer online games enables players to create and live their own social world in the games. Our gaming subsidiary gamigo has almost 20 years of experience in supporting the gaming communities in these games and is one of the most experienced companies worldwide. **More than 600,000 players per day and 5 million per month** stay in contact with each other in MGI games.

The existing game portfolio, the extensive experience and the already large community enables MGI to benefit from the trend "Games as social medium".

\*Number of new MMO registrations in April vs. January/February 2020 and number of active players in April vs. January February 2020

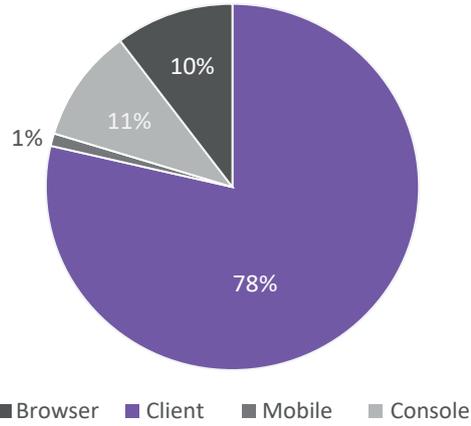
\*\*Newzoo - Global Games Market Report 2020

### GAMES CHANNEL AND DEVICE STRATEGY

88% of MGI's revenues have been generated via PC-games (PC-Client and Browser) in Q2 2020. By comparison, the global market generates approx. 50% of the gaming revenues via these channels with a market growth of 7% YoY. MGI's gaming segment currently generates 1% of its revenues via mobile games, while the global gaming market generates approximately 50%, with a market growth of 15% YoY. While MGI's PC and console segments will remain the core business, for which substantial growth is expected to continue, MGI plans to expand its mobile share within the gaming segment in order to also participate in the growth of this fast growing mobil games market.



**MGI GAMES REVENUES Q2 2020 BY DEVICE**

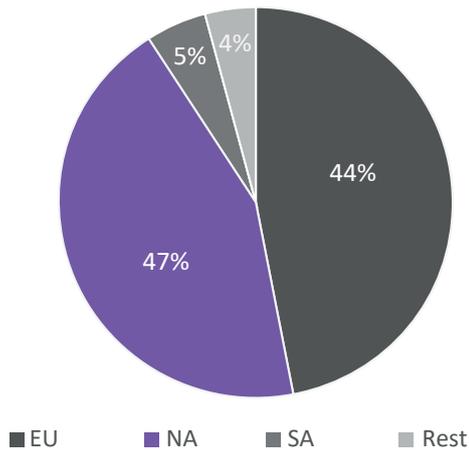


MGI has laid the foundation for the expansion of the mobile games business in the recent months. Through various acquisitions in the media segment MGI has worldwide and cost-effective access to mobile traffic. This enables MGI to use the extensive media reach for efficient user acquisition and grow mobile games revenues in a cost-efficient way. Furthermore, the large portfolio and userbase of gamigo’s existing online and console games enables MGI to convert existing games to mobile and release them to new markets. Despite a very competitive landscape in the mobile gaming business, current market observations are displaying great potential for acquiring mobile game licenses and mobile games studios.

Overall MGI is confident to establish an additional revenue stream by combining the strong media market position with its wide games portfolio to build an extensive mobile games portfolio that will contribute significantly to MGIs business result.

**GEOGRAPHICAL DISTRIBUTION STRATEGY**

**MGI GAMES REVENUES Q2 2020 BY REGION**



The core markets of MGI in the gaming segment are currently North America with 47% and Europe with 44% in Q2’20. Together, these two markets account for 44% of the global gaming revenue. About 49% of global gaming revenues are generated in Asia, where MGI currently generates less than 4% of its gaming revenues. While Europe and North America will remain the strategic core markets in the gaming segment, MGI plans to further expand activities and increase revenues of the gaming segment in the Asian region. In addition to the regulatory and partly political framework conditions, the high localization effort required to adapt the games to the players in the Asian



region also creates relatively high barriers to entry into these markets. In order to circumvent these barriers and to enter the Asian markets at the lowest possible risk, MGI entered into a partnership with a Korean game's publisher in the second quarter.

The Korean publisher will take over the localization and publication of the MGI IP Trove in the Asian region. In return, MGI will receive a significant share of revenues. At the same time, the media segment of MGI, which is already strongly represented in the Asian region, plans to takeover part of the marketing for the game in cooperation with the Korean publisher.

## OUR VIEW ON THE GAMING MARKET

### MGI IS GROWING 4x FASTER THAN THE MARKET

The gaming industry is one of the biggest sectors of the entertainment industry worldwide. The global gaming market generated revenues of 145 billion US dollars in 2019. In 2020, the market is expected to reach USD 159 billion. In other words, the gaming market is larger than the markets for movies, music and books. Mobile games account for the almost half of the market share in 2020, at around 49%.

The majority of the MGI's portfolio consists of PC, Browser and Console games. Together the market for these devices are expected to account for more than 50% of the global gaming market in 2020. Europe and North America, together account for 44% of the worldwide gaming revenue in 2020 which shows that MGI is well positioned having the majority of its revenues within these strong growing markets.

The gaming industry is a fast-growing industry. From 2014 to 2019 it has grown at an average of more than 11% per year (CAGR). In the same period, MGI (gamigo until 2018) grew at an average of more than 40% per year (CAGR) and thus 4 times faster than the market.

While the International Monetary Fund expects the global economy to slump by almost 5% in 2020, the gaming market is forecast to grow by more than 9% in the current financial year 2020. MGI, on the other hand, even expects a growth between 37% and 49% and will thus grow again more than 4 times as fast as the market through M&A and organic growth.

Source: Newzoo, Global Games Market Report 2020 / IWF, World economic outlook Update June 2020

## OUR VIEW ON THE ADVERTISING MARKET

### MARKET OVERVIEW DIGITAL ADVERTISING

According to eMarketer, global digital ad spend was 325B in 2019 and is predicted to reach 333B in 2020. Despite the COVID-19 impact, digital advertising continues its yearly growth rate with a predicted 2.4% growth in 2020 and going up to 17% in 2021. The open web, outside of the walled gardens of the like of Facebook, Google and Amazon represents around 40% of this market according to OpenX.

### MOBILE ADTECH AND UPCOMING TRENDS

Mobile advertising spending make up the major part of the overall digital ad spending with 52% accounting for mobile and 48% for desktop in 2019. At the same time, we can see a strong yearly growth of the mobile sector with a predicted 55% market share in 2020 and 57% in 2021. The mobile ad spending was 175B in 2019 and is estimated to grow to 196B in 2020, making it a total of 11% year on year growth in mobile advertising revenue.

Consumers also spend more time on mobile devices. According to AppAnnie, in 2019 the average consumer spent 3.7 hours a day on mobile, with the screen time growing by 35% in the last two years. Additionally, Gen Z is surpassing the Millennials as the largest generation, making roughly 32% of the population and taking over as the major consumer group. Gen Z is mobile native generation, with a mobile engagement above the average and 3.8 hours daily screen time in 2019. We can also see the trend of time spent on mobile accelerating since the start of the COVID-19 pandemic. According to eMarketer, there was an increase in screen time with an additional 23 minutes per day since the pandemic started, with the changes probable to stay as long-term effects.



### **DATA FIRST BECOMES PRIVACY FIRST**

With the recent developments on governmental regulations, such as GDPR in Europe in 2018 and CCPA in California last year as well as industry initiatives, for instance the IDFA (Apple Identifier for Advertising) deprecation on all Apple devices, the importance of consumer data and privacy takes center stage.

What was once data first, evolves into privacy first. Our AdTech segment has been part of privacy-focused communities and initiatives such as Prebid and the IAB TechLab. We have been members of the Prebid committee since 2018 and are part of IAB initiatives such as the Transparency and Consent Framework. Our SDK product makes it possible for us to connect to users who choose to share their first-party data with us for a personalized mobile ad experience. To enhance this further, we also built our own CMP (Consent Management Platform), through which we can collect the user's consent on behalf of the publisher.

Due to our omnichannel approach coupled with the evolution towards mix media models in the advertising world both sides of the marketplace can fully leverage our full-stack ad platform. Coupling that with our early on involvement in privacy centered solutions, we are well equipped to seize the upcoming opportunities.

\*Number of new MMO registrations in April vs. January/February 2020 and number of active players in April vs. January February 2020

\*\*Newzoo - Global Games Market Report 2020

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

<b>EUR 000's</b>	<b>Note</b>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
Intangible assets	2, 3	254,458	233,207
Property, plant and equipment		3,111	3,521
Financial assets and other assets		28,490	19,864
<b>Long-term assets</b>		<b>286,060</b>	<b>256,593</b>
Trade and other receivables		23,344	22,872
Cash and cash equivalents		15,448	32,984
<b>Short-term assets</b>		<b>38,792</b>	<b>55,857</b>
<b>Total assets</b>		<b>324,852</b>	<b>312,449</b>
Equity attributable to shareholders of the parent company	6	149,683	98,068
Non-controlling interest		2,704	70,490
<b>Total Equity</b>		<b>152,387</b>	<b>168,558</b>
<b>Long-term liabilities</b>	4	118,864	89,347
<b>Short-term liabilities</b>	5	53,601	54,544
<b>Total liabilities and equity</b>		<b>324,852</b>	<b>312,449</b>

**CONDENSED CONSOLIDATED STATEMENT OF INCOME, MGI GROUP**  
(unaudited)

EUR 000's	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
<b>Revenues</b>						
Net revenues	7	30,024	15,244	56,569	28,575	83,893
Own work capitalized		3,801	1,839	7,993	3,658	10,187
Other operating income		645	2,595	1,806	2,773	4,636
<b>Total Income</b>		<b>34,470</b>	<b>19,678</b>	<b>66,367</b>	<b>35,006</b>	<b>98,716</b>
<b>Operating Expenses</b>						
Services purchased & other operating expenses	8	-18,697	-10,245	-35,152	-17,014	-55,815
Personnel expenses	9	-9,456	-5,680	-19,587	-10,451	-27,358
<b>Total operating expenses</b>		<b>-28,154</b>	<b>-15,925</b>	<b>-54,739</b>	<b>-27,465</b>	<b>-83,174</b>
<b>EBITDA</b>						
Depreciation, amortization and write-downs	10	-3,368	-2,154	-6,583	-4,276	-10,543
<b>EBIT</b>						
Financial result		-1,833	-1,034	-3,457	-1,874	-5,758
<b>EBT</b>						
Income Taxes		-700	-225	-1,115	-511	2,012
<b>Net Result</b>						
of which attributable to non-controlling interest		40	204	-374	527	1,577
<b>of which attributable to shareholders of the parent company</b>		<b>375</b>	<b>136</b>	<b>848</b>	<b>353</b>	<b>-324</b>
<b>Earnings per share</b>						
From continuing and discontinued operations		<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>-0.01</b>
<b>From continuing operations</b>		<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>-0.01</b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MGI GROUP**  
(unaudited)

EUR 000's	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
<b>Consolidated profit</b>	<b>415</b>	<b>340</b>	<b>474</b>	<b>880</b>	<b>1,253</b>
<i>Items that will be reclassified subsequently to profit and loss under certain conditions:</i>					
Exchange differences on translating foreign operations	-511	164	-96	329	457
Profit / Loss of hedging instruments	0	0	-241	0	-237
<b>Other comprehensive income, net of income tax</b>	<b>-511</b>	<b>164</b>	<b>-337</b>	<b>329</b>	<b>220</b>
<b>Total comprehensive income</b>	<b>-96</b>	<b>505</b>	<b>137</b>	<b>1,209</b>	<b>1,473</b>
<i>Attributable to:</i>					
<b>Owners of the Company</b>	<b>-136</b>	<b>369</b>	<b>511</b>	<b>856</b>	<b>-104</b>
<b>Non-controlling interests</b>	<b>40</b>	<b>136</b>	<b>-374</b>	<b>353</b>	<b>1,577</b>

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

	Common stock		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
<b>Balance at 1 January 2020</b>	70,020	70,020	25,127	2,558	363	98,068	70,490	168,558
Consolidated profit				848		848	-374	474
Other comprehensive income					-337	-337	0	-337
<b>Total comprehensive income</b>			<b>0</b>	<b>848</b>	<b>-337</b>	<b>511</b>	<b>-374</b>	<b>137</b>
Capital increases								
Disposal of subsidiaries								
Acquisition of subsidiaries								
Addition of non-controlling interests due to acquisition of projects								
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			52,450	-1,365	19	51,104	-51,104	
Transfer of ownership interest in gamigo AG							-16,308	-16,308
Proceeds from an unregistered capital increase								
Capital increase								
<b>Balance at 30 June 2020</b>	<b>70,020</b>	<b>70,020</b>	<b>77,577</b>	<b>2,040</b>	<b>45</b>	<b>149,683</b>	<b>2,704</b>	<b>152,387</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MGI GROUP (unaudited)

EUR 000's	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
<b>Cash flow from operating activities</b>		<b>4,690</b>	<b>3,354</b>	<b>10,844</b>	<b>5,831</b>	<b>16,200</b>
<b>Cash flow from investing activities</b>		<b>-3,600</b>	<b>-494</b>	<b>-17,684</b>	<b>-2,790</b>	<b>-13,070</b>
<b>Cash flow from financing activities</b>		<b>1,409</b>	<b>13,662</b>	<b>-10,696</b>	<b>18,757</b>	<b>25,407</b>
<b>Cash flow for the period</b>		<b>2,498</b>	<b>16,523</b>	<b>-17,536</b>	<b>21,798</b>	<b>28,537</b>
Cash and cash equivalents at beginning of period		12,950	9,723	32,984	4,447	4,447
<b>Cash and cash equivalents at end of period</b>		<b>15,448</b>	<b>26,246</b>	<b>15,448</b>	<b>26,245</b>	<b>32,984</b>

## 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 June, 30 2020 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 30 June 2020 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 2020. The interim consolidated financial statements as of 30 June 2020 were prepared using the same accounting and valuation methods as the preceding consolidated financial statements as of 31 December 2019.

The consolidation scope of the condensed consolidated financial statements as of June, 30 2020 did not change compared to the audited consolidated financial statements as of December 31, 2019, except for the following transactions and entities:

- Foundation of Verve Group, Inc and the subsequent acquisition of the Verve Wireless business (see in detail Note 2 Intangible assets and acquisitions) in H1 2020.

### NOTE 2 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

The change in Goodwill is mainly related to the acquisitions of the Verve business on January 22, 2020. 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 and the in-house development of the games and AdTech platforms. Most of the increase of intangible assets in H1 2020 pertains from the acquisition of Verve described below.

	June 30, 2020	December 31, 2019
	kEUR	kEUR
Goodwill	152,015	147,339
Other Intangibles	102,130	85,868

#### Acquisition of the material assets of WildTangent Inc.

On January 22, 2020, Media and Games Invest plc took over the assets of the business operations and liabilities of Verve Wireless Inc. via its indirect owned US subsidiary newly established for this purpose, Verve Group Inc. (Verve). Verve Wireless Inc. is a leading marketing provider of programmatic and open market traffic in Carlsbad, California, USA.

With the takeover, the MGI group is continuing its series of successful acquisitions and using the consolidation potential of the market. Furthermore, the acquisition will be used to build up the B2B area in the USA in line with the European model. This results in strategic synergies for the B2B and B2C segment in the USA. These synergy effects are expected to contribute to the group's further profitable growth.

Verve Wireless assets were acquired in January 2020. The purchase price was kUSD 6,500. At the time the consolidated financial statements were drawn up, a large number of gamigo group's employees were involved in integrating them into the group and analysing and evaluating the assets and liabilities acquired.

### NOTE 3 DISPOSALS

There were no material sales or disposals in H1 2020.

### NOTE 4 LONG-TERM LIABILITIES

As of June 30, 2020, the long-term liabilities of MGI increased by kEUR 29,517 to kEUR 118,864 (December 31, 2019: kEUR 89,347) largely based on the MGI bond issues as well as loan agreements with UniCredit Bank AG as described below. Parts of the net proceeds from the bond 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.

### **MGI Bond issues**

MGI Group has successfully increased its MGI 2019/2024 bond (ISIN DE000A2R4KF3), to a total volume of EUR 23,8 million. Parts of the proceeds have been used to buy out the minority shareholder of gamigo AG. The free funds from the placement are to be used amongst others for M&A. The bond has a total volume of up to EUR 25 million. The company plans to place further tranches if M&A opportunities arise. The transaction was accompanied by ICF BANK AG as Sole Lead Manager.

### **Term-loan with UniCredit Bank**

MGI Group was able to close a debt financing deal with a total volume of EUR 10 million in 2019 with UniCredit Bank AG. The fully owned subsidiary blockscience DLT solutions GmbH drew in Q1 2020 the term loan in the amount of EUR 10 million, with an interest rate of 5.5 % and a term of three years to finance parts of the minority buyout of gamigo AG. EUR 2.5 million of the loan were as planned repaid in Q2 2020, so the current outstanding volume of the loan is EUR 7.5 million.

## **NOTE 5 SHORT-TERM LIABILITIES**

The short-term liabilities of MGI decreased by kEUR 943 on June 30, 2020 to kEUR 53,601 compared to kEUR 54,817 on December 31, 2019 due to a payout to media partners which also caused mainly the negative working capital effect of 2.0 mEUR included in the operating cashflow.

## **NOTE 6 SHAREHOLDERS' EQUITY**

As of June 30, 2020, the total shareholders' equity decreased to kEUR 152,387 (December 31, 2019: kEUR 168,558) due to the transfer of ownership interest in gamigo AG. The subscribed capital of MGI (kEUR 70,020) remains unchanged during H1 2020. In H1 2020, the Group did not grant any share-based options or payments to the employees of the Company. No dividends were paid in H1 2020.

## **NOTE 7 SALES REVENUE**

MGI achieved a Q2 2020 sales revenue of kEUR 30,024. The increase of kEUR 14,780 (Q2 2019: kEUR 15,244) was due to organic growth as well as acquisitions. The expansion of the Media segment, through various acquisitions in mid-2019, contributes to revenues largely from the second half of 2019 onwards and thereof also increased the revenue in Q2 2020 compared to Q2 2019. This strong acquisitive growth of the media segment was further supported by organic growth by the gaming segment in Q2 2020 due to further content updates in the game's portfolio.

## **NOTE 8 SERVICES PURCHASED & OTHER OPERATING EX-PENSES**

For Q2 2020, MGI disclosed services purchased and other operating expenses of kEUR 18,697 (Q2 2019: kEUR 10,245). The increase of kEUR 8,452 represents decrease of 5% in relation to the revenues compared to the corresponding figure in Q2 2019. The decrease is due to the fact that MGI made good progress by integrating the media assets in the Group. The integration of the acquisitions from 2019 and Q1 2020 has not yet been fully completed. We therefore expect this to improve margins further in the coming periods, while we are already generating positive EBITDA within the media segment with increasing margins quarter on quarter.

## **NOTE 9 PERSONNEL EXPENSES**

The personnel expenses increased in Q2 2020 by kEUR 3,776 to kEUR 9,456 compared to Q2 2019. This increase is mainly due to the acquired employees of Verve, AppLift and PubNative.

## **NOTE 10 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS**

Depreciation, amortization and write-downs amounted in Q2 2020 to kEUR 3,368 (Q2 2019: kEUR 2,154). The increase is mainly due to additional PPA depreciation and amortization of the acquired companies and assets. In Q2 2020, 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, investments and the shareholders

can all be considered relationships to associated companies and persons under IAS 24 Related Party Disclosures.

Remco Westermann is part of the three-member Board of Directors of the Company and personally holds 90% of the shares in Sarasvati KG, which in turn holds 100% of the shares in Bodhivas GmbH, which in turn held 48% of the Company as at the balance sheet date and 57% of the voting rights. He is a member of the Board of Directors of the Company since 31 May 2018 and is the Managing Director of Bodhivas GmbH, Sarasvati KG and Jarimovas GmbH, Düsseldorf, additionally Jaap Westermann holds 10% of Sarasvati KG and Jarimovas GmbH. Hendrika Westermann is the wife of Remco Westermann, Jaap Westermann is the brother of Remco Westermann, Henrika and Remco Westermann are directors of Jarimovas GmbH, Düsseldorf. In the consolidated balance sheet as at 30 June 2020, the Group has reported various current liabilities to Bodhivas GmbH, Düsseldorf, with a total value of kEUR 6,707 (December 2019: kEUR 2,162 thousand) under financial liabilities. In addition, the financial liabilities include current liabilities to Jarimovas GmbH, Düsseldorf, in the amount of kEUR 2,448 (December, 31 2019: kEUR 2,411). In the first half year 2020 Bodhivas GmbH received Media and Games Invest bonds from the company. The nominal volume amounted to 1,000,000 Euro.

René Mueller was a member of the Board of Directors of the Company until 25.02.2020. René Mueller is a member of the Administrative Board of GSC General Service Center AG, Zug.

Jaap Westermann is the brother of Remco Westermann and 100% shareholder and director of Rheingold Immobilien GmbH, Düsseldorf. In the reporting period, the company purchased gamigo AG shares from Jaap Westermann.

Tobias Weitzel is a member of the Board of Directors of the Company, Malta since 31 May 2018. In the reporting period, the company purchased gamigo AG shares from Tobias Weitzel.

Elizabeth Para is a member of the Board of Directors of the Company, Malta since 31 January 2020. In the reporting period, the company purchased gamigo AG shares from Elizabeth Para.

Mark von Lonkhuyzen is a person closely related to Elizabeth Para. In the reporting period, the company purchased gamigo AG shares from Mark von Lonkhuyzen.

## NOTE 12 OTHER DISCLOSURES

There are no new significant litigations or claims in H1 2020.

## 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 a certain period

## **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](http://www.mgi.group). The company can be contacted by email [info@mgi.group](mailto:info@mgi.group) or [soeren.barz@mgi.group](mailto:soeren.barz@mgi.group).

## **FOR FURTHER INFORMATION, PLEASE CONTACT:**

Remco Werstermann, CEO

Email: [info@mgi.group](mailto:info@mgi.group) or [soeren.barz@mgi.group](mailto:soeren.barz@mgi.group)

## **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 30 June 2020 are in compliance with IFRS, 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, August 12, 2020

Board of Directors



**Media and Games Invest plc**

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