



# INTERIM REPORT Q1 2020

MEDIA AND GAME INVEST GROUP "MGI"



**Buy**

Market consolidation via M&A



**Integrate**

Restructuring & realizing synergies



**Build & Improve**

Organic sales growth



## INTERIM REPORT Q1 2020 Media and Game Invest Group "MGI"

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

*"We are continuing our profitable growth path, generating in the first quarter 26.5 mEUR revenues which is an increase of 99% and 5.3 mEUR EBITDA which is an increase of 40% compared to the previous year. The COVID 19 pandemic has a positive impact on our gaming business as of March 2020 and, due to our "stay at home" policy, leads to significantly higher player numbers and player activity in our games. Working from home was easily implemented as there was already a flexible work from home policy and IT infrastructure in place. For the coming periods we expect a further increase in new players and player activity as well as further revenue and EBITDA growth in both business segments." says Remco Westermann, Chairman of the Board (CEO) of MGI.*

### THE FIRST QUARTER, JANUARY – MARCH 2020

- Net revenues amounted to 26.5 mEUR (Q1 2019: 13.3 mEUR), which is an increase of 99% compared to Q1 2019. The revenue growth is based both on acquisitions and on organic growth in the gaming segment, through content updates and more intensive user acquisition, which was even more efficient from March 2020 due to the "stay-at-home" policy.
- EBITDA amounted to 5.3 mEUR (Q1 2019: 3.8 mEUR), which is an increase of 40%. Compared to the previous year (Q1 2019: 28%), the EBITDA margin decreased to 20%, 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.
- Adjusted EBITDA amounted to 5.9 mEUR (Q1 2019: 4.5 mEUR), which is an increase of 33% (Adjusted EBITDA excludes one-time, M&A and financing costs).
- Operational EBIT grew to 2.8 mEUR (Q1 2019: 2.2 mEUR), which is an increase of 21% (operational EBIT excludes PPA depreciation). Operational EBIT-margins decreased due to an increased B2B revenue share from 17% in Q1 2019 to 11% in Q1 2020.
- EBIT increased to 2.1 mEUR (Q1 2019: 1.7 mEUR), which is an increase of 26%, while EBIT margins decreased due to an increased share of B2B revenues slightly from 12% to 8%.
- The net result amounts to 0.1 mEUR in Q1 2020 (Q1 2019: 0.5 mEUR) and decreased due to increased depreciation from M&A (PPA) as well as increased interest expenses.
- The interest coverage ratio has developed to 3.3 as of March 31, 2020 compared to 4.5 as of 31, 2019 due to increased financial expenses after several bond issues to finance M&A transactions and the buyout of minority shareholders of gamigo AG.
- Operating Cashflow amounted to 6.2 mEUR (Q1 2019: 2.5 mEUR), which is an increase of 148% and reflects the strong cash generation of the group.
- As of March 31, 2020, cash and cash equivalents amounted to 13.0 mEUR (December 31, 2019: 33.0 mEUR) which is a decrease of 61% and gives large headroom for future growth. It now includes the cash outs for the purchases of the gamigo shares and verve assets completed in Q1 2020.

### SEGMENT REPORTING GAMING

- Net revenues amounted to 13.9 mEUR. The main revenue drivers have been ArcheAge Unchained, Trove and Fiesta Online which also drove organic growth next to inorganic growth due to the acquisition of WildTangent in Q2 2019 which have not been part of the comparable period of the previous year.
- EBITDA amounted to 4.5 mEUR. With 32% of revenues, the EBITDA margin now shows the advantage of our bolt-on strategy leading to better efficiencies.

### SEGMENT REPORTING MEDIA

- Net revenues amounted to 12.6 mEUR. The media segment was significantly expanded in 2019 through the acquisition of ReachHero (May), Applift (June) and PubNative (June) and thereof led to substantial acquisitive growth in Q1 2020.
- EBITDA amounted to 0,8 mEUR. 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 on-going

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 eg. more efficient customer acquisition for our games.

## OPERATIONAL HIGHLIGHTS

- MGI is also affected by the Corona Pandemic. On March 10, it was decided that all employees will be working in the home office for an indefinite period. This measure was taken to protect our employees and their families and to slow down the spread of the virus. Fortunately, it has been shown that the company's productivity has not been affected by this measure.
- Gaming Segment: Due to Corona, new registrations and player activity increased significantly in the last third of Q1. Monthly new users increased by 35% in March compared to January and February. Monthly active users increased by 20% compared to January and February. This clearly shows how crisis-proof online gaming is.
- Media Segment: The advertising budgets of customers in the classic offline sector (e.g. travel) were significantly reduced, while we see increased budgets in the online sectors (e.g. online gaming). As MGI's Media segment focuses mainly on the online sector, the negative effects of the Corona Pandemic are noticeable in this area, but comparatively moderate and overcompensated by the positive effects on the gaming segment.

## SELECTED KEY PERFORMANCE INDICATORS, MGI GROUP

In mEUR	MGI Group 2020 Jan-Mar	MGI Group 2019 Jan-Mar	MGI Group 2019 Jan-Dec
Net Revenues	26.5	13.3	83.9
YoY Growth in revenues	99%	-	157%
EBITDA	5.3	3.8	15.5
EBITDA margins	20%	28%	19%
Adj. EBITDA	5.9	4.5	18.1
Adj. EBITDA margins	22%	33%	22%
Operational EBIT	2.8	2.2	7.8
<b>Operational EBIT margins</b>	<b>11%</b>	<b>17%</b>	<b>9%</b>
<b>Net Result</b>	<b>0.1</b>	<b>0.5</b>	<b>1.3</b>

## SELECTED KEY PERFORMANCE INDICATORS, MGI SEGMENTS

In mEUR	MGI Gaming Segment 2020 Jan-Mar	MGI Gaming Segment 2019 Jan -Dec
Net Revenues	13.9	43.1
MGI revenue share	52%	51%
EBITDA	4.5	12.6
EBITDA margins	32%	29%

In mEUR	MGI Media Segment 2020 Jan - Mar	MGI Media Segment 2019 Jan-Dec
Net Revenues	12.6	40.8
MGI revenue share	48%	49%
EBITDA	0.8	2.9
EBITDA margins	7%	7%





## A WORD FROM THE CEO

*"MGI has had a very good start into the financial year 2020, with both revenue and EBITDA continuing to grow and showing the continuation of the positive trend of recent years. We expect the positive development of the group to continue in the following quarters. The first quarter was very intense for MGI. With the acquisition of the Verve Assets, we have added another acquisition to our track record which will strengthen the media and games sector, particularly in terms of customer acquisition. We were able to increase our stake in gamigo to almost 100 percent, which will further strengthen the strategic cooperation with media companies within the MGI Group. And like everyone else, we had to face the new challenges of Covid-19, even though we are in one of the few sectors where the pandemic has had a positive impact.*

*In January, we acquired the key assets of Verve Wireless Inc. ("Verve") through an US subsidiary. Verve is a leading North American programmatic mobile advertising platform for video and display marketing with a strong unique selling proposition in location and data-based marketing. The ad tech market is very similar to the games market. It is technology driven, with a few very large players, but also very fragmented with many smaller players who often get into financial difficulties due to their small size and high overhead costs. At the same time, there is mistrust from advertisers towards digital advertising in terms of data quality and transparency. We therefore see a high potential for organic growth through our own high-quality advertising space and for further inorganic growth through M&A-driven market consolidation. In addition, the Gaming segment will also benefit significantly from a stronger position in the media segment due to the additional expertise and strength in the area of user acquisition, especially with regard to upcoming game launches, as well as the increase in our media purchasing power, which will also enable our games marketing to obtain advertising space at lower costs.*

*In February we increased our strategically important stake in gamigo to 99%. The buy-out of the non-strategic major shareholder Pro7Sat1 and the other minority shareholders simplifies the group structure and enables an even stronger integration of gamigo into the MGI Group and will thus have a positive effect on the development in the long term. In particular, we see considerable synergy potential in the acquisition of customers for gamigo games, in the strengthening of gamigo's position in the mobile games sector and in the cooperation between gamigo's media companies and the MGI media/companies.*

*In March the corona virus and the associated containment measures turned our world upside down. We decided early on to send all our employees worldwide to the home office. Thanks to our previous investments in digital transformation, especially in cloud systems and communications media, we were able to respond quickly to the new requirements of the corona virus without compromising our productivity. A change brought about by a black swan like COVID-19 also offers opportunities: We can already say that we expect further strong revenue and EBITDA growth in 2020 due to a very positive effect on the gaming side and a limited negative effect on the media side. The operation and support of our gaming and media platforms is secured as we have invested in the Work from Home infrastructure over the past years. In operational terms, our focus in the first quarter was again on internationalization, community management and the introduction of new content for our games. This had a positive impact on the Group's financial performance. In the media sector, the focus was on integrating the Verve Group, expanding the sales team and improving our products and services in areas such as transparency and measurability. For example, in Q1 we published our self-developed Consent Management Program (CMP). CMPs are the technical solution that allows customers to give and withdraw their consent. By scanning a consumer's device ID, the CMP of our subsidiary PubNative checks the status of consent for a particular user. If positive consent has been granted, we may use the device ID, IP address and keywords to forward it through the advertising ecosystem only to the providers approved by the user.*

*As a result of Corona, we expect the number of M&A opportunities to increase as more deals are already coming in. With our strong cash position and access to the capital market which still works for MGI as we have been able to issue further bonds in Q1 2020, we are in a good position to take advantage of interesting M&A opportunities.*

*I would like to thank our players, customers and employees for their commitment in these unusual times and also our investors and partners for their continued good and close cooperation."*

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



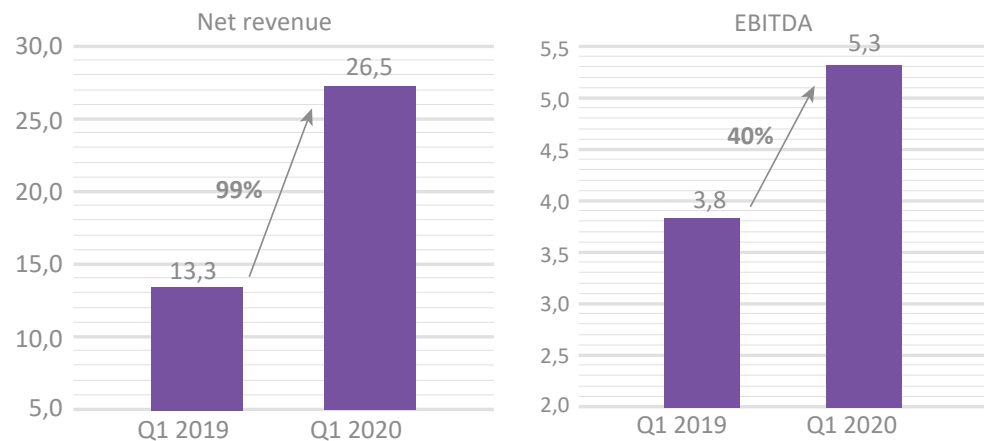
## FINANCIAL PERFORMANCE, Q1 2020

### CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

The first quarter of 2020 showed a further strong financial performance. Revenues amounted to 26.5 mEUR. Compared to the previous year, this represents a strong increase of 99% (Q1 2019: 13.3 mEUR). The increase in revenues was driven by organic growth in the Gaming Segment by several content updates, patches as well as M&A, especially in the Media segment.

The EBITDA amounted to 5.3 mEUR (Q1 2019: 3.8 mEUR) which is an increase of 40%. The EBITDA margin decreased to 20% (Q1 2019: 28%) 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. Adjusted EBITDA excluding one-time costs amounted to 5.9 mEUR (Q1 2019: 4.5 mEUR) which is an increase of 33%. Operational EBIT grew to 2.8 mEUR (Q1 2019: 2.2 mEUR), which is an increase of 21% (operational EBIT excludes PPA depreciation). Reported EBIT for the first quarter 2020 improved to 2.1 mEUR (Q1 2019: EUR 1.7 mEUR), which is an increase of 26%.

The consolidated net result Q1 2020 amounted to 0.1 mEUR (Q1 2019: EUR 0.5 mEUR). The decrease in net result results from increased PPA depreciations due to acquisitions, 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.



### CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to 6.2 mEUR in Q1 2020 (Q1 2019: 2.5 mEUR), representing a strong increase of 148% underscoring the strong cash generation of the operating activities. The equity ratio was 44% as of March 31, 2020 (December 31, 2019: 54%) 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 13.0 mEUR as of March 31, 2020 compared to 9.7 mEUR as of March 31, 2019 and increased as a result of the bond issues as well as strong operating cashflow. The interest coverage ratio was 3.3 as of March 31, 2020 compared to 4.5 as of December 31, 2019 and as such decreased following the bond issues and increased interest expenses.



## INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

In Q1 2020, MGI invested EUR 4.1 million (Q1 2019: EUR 1.8 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, as well as enhancements and updates to existing games such as Arche-Age, Trove, Wolf Team, Fiesta Online and Last Chaos. As a percentage of net revenues, these investments amounted to 16% in Q1 2020 compared to 14% in Q1 2019 which underlines the increasing organic growth ambitions of the group.

Depreciation and amortization in Q1 2020 amounted to EUR 3.2 million (Q1 2019: EUR 2.1 million) and increased mainly due to additional PPA depreciation from the latest acquisitions. Accordingly, the groups intangible assets increased from EUR 233.2 million in December 31, 2019 to EUR 253.5 million on March 31, 2020. The Groups liabilities also increased in Q1 2020 to EUR 189.5 million (December, 31 2019: EUR 143.9 million) largely due the gamigo buyout and further bond issues as well as a drawn credit line from UniCredit Bank in the amount of EUR 10 million as well as an obligation towards the former gamigo shareholders which will be swapped into MGI shares by a capital increase through contribution in kind during 2020 to set off the obligation. Furthermore, the account payables increased as a result of the verve acquisition completed in Q1 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:

#### **ArcheAge: Lucius Motion Picture Awards, a new World Boss and exclusive Event**

Coinciding with a certain movie awards ceremony in Hollywood, gamigo celebrated its first annual Lucius Motion Picture Awards together with the communities of ArcheAge and ArcheAge: Unchained to engage long-term players as well as new fans of the fantasy MMORPGs. For the contest, players submitted self-made videos of their ArcheAge experiences and took part in the vote for valuable prizes, the winner receiving a high-powered gaming laptop from our promotion partner Gigabyte. This event has proven to be a great incentive for players and provided high-quality Social Media content for the gamigo channels.

Additionally, a recent update introduced more powerful Skills and a first of its kind, Solo Dungeon. The update targets new and seasoned players, offering engaging new content for them to explore. During the Rock'n'Scroll Event, players could look forward to various hourly rewards. This served as an additional revenue stream and incentive for players to log-in to the game on a regular basis.

#### **Trove: What makes the Voxel-MMO Trove so stand out?**

There are numerous large-scale projects planned for the Voxel-MMO in the upcoming Quarters. In February, gamigo presented a feature that takes a look at what makes this particular game stand out from its competitors. It served as a great incentive for potential players to familiarize themselves with the core mechanics of the title. Trove provides an experience unlike any other game on the market - It's unique. It's quirky. It's constantly evolving. It's a game that can easily fit into any slot in a player's schedule, thus making it appealing to a wide variety of player-types.

#### **Wolf Team: Introducing a thrilling new Survival Mode**

One of the most consistent and established games from gamigo, high-octane Shooter Wolf Team introduced a new game mode to increase player engagement, incorporating its largest map to date. In Wolf Team, players can transform into fearsome Werewolves at any time depending on their playstyle, offering a unique gaming experience to MMOFPS (Massively Multiplayer Online First-Person Shooter) fans in a fast-paced environment.

#### **Bringing out the Candles for Valentine's Day**

Throughout February and focusing on Valentine's Day, gamigo has invited its players to join a multitude of engaging events in their colorful games. Creepy crawlers stood no chance in stopping the inhabitants of Trove from finding their soulmates when fearsome Heckbugs started causing mayhem in Trove. In a new quest, pixel heroes could employ the help of an adorable ally ready to aid them in their fight against the dangerous insects.

In Defiance 2050, a "Chaos and Mutiny" event challenged players to prove their might in massive Arkfalls against dangerous Mutineer Bosses. In ArcheAge and ArcheAge: Unchained, Marianople's resident sweet tooth Piero was looking for help to make the most romantic day of the year a success. As a reward, players received precious items, including costumes. Echo of Soul gifted its Soul keepers' rare coins to be traded for fantastic rewards. The magician Florenz of Fiesta Online needed the players to help him win over the love of his life, and in Aura Kingdom, it was raining chocolate during the "Double Boiler Spawn" Event. In RIFT, Mariel-Taun, the heart of the Vigil, asked her followers to spread her message of love throughout the game world.

All of the valentine's events, supported by their promotion throughout widespread customer email campaigns and PR outreach, stimulated player's activities and engagement.

#### **Other**

During the month of March, following the international reaction to the Corona virus, many countries imposed quarantine regulations on the public, leading to a growing number of people



staying at their homes. This increased the demand for entertainment opportunities within one's own walls. MGI responded to this with a strong offering of in-game activities and events across all major titles, supported by a variety of new activities in marketing and social media and the implementation of the #stayhome #playtogether hashtags in its communication. All these actions lead to enhanced visibility and significantly increased player engagement across the game's portfolio. These activities are being extended into Q2, with new content and special offers for all players of MGI's titles.

## **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:

### **Integration of the Verve Assets – Forming the Verve Group**

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 a.o. New York and San Diego. The acquisition expands MGI's product portfolio, customer base as well as sales organization and further strengthens MGI's position in the North American market with strong synergies within the media as well as with the gaming segment of the MGI group. The focus in Q1 was mostly on restructuring and integration. On the cost side, the focus was on integrating the technology with other group companies and renegotiating vendors, a.o. realizing very substantial savings on technology cost. In the first weeks after the takeover, it was important to actively approach and close contract with partners on both the sell and buy side. In cooperation with the other media companies of the MGI Group, and our own gaming advertising inventory, we are able to offer a truly unique product portfolio. In the future, AppLift, PubNative and Verve will form the Verve Group and create a cleaner go-to-market approach for MGI's Ad-Tech division under this common roof. The platforms of Verve and PubNative are already fully integrated into a single open source software development kit, which is now in beta testing.

The Verve Group brand will also serve as a ‘mother ship’ to dock new and additional acquisitions. In total, the Verve Group has approximately 350 employees and over 20 offices worldwide, including Berlin, San Francisco, New York, Beijing, and Buenos Aires.

### **Transparency and data protection**

With the help of its own IAB-approved CMP, we have committed our self to the IAB framework for data protection. The focus is on the most valuable asset in the era of GDPR and CCPA: consumer consent. As governments around the world legislate and sign regulations to protect user data, the need for publishers and SSPs alike to treat user data with the explicit consent of consumers is increasing. In the Media segment we manage to deliver personalized ads without compromising user data or violating regulations.

Consent Management Platforms (CMPs) are the technical solution to give and revoke customer consent. By scanning the device ID of a consumer, the CMP of our subsidiary PubNative checks the status of consent for a specific user. When a positive consent has been granted, we may use the device ID, IP address and keywords to pass them through the advertising ecosystem only to the vendors approved by the user. The mobile user has all the power and control over which vendors would receive the device ID information for the purposes of personalised ad targeting.

Depending on the type of regulation, PubNative's CMP responds accordingly. With GDPR in Europe, the user is actively asked for consent. Only then, device data can be passed on and targeting options become available to the advertisers. According to CCPA, however, users are automatically opted in but given the opportunity to opt-out from sharing device information at any point. In this case, the ads displayed are no longer specific to their data points.





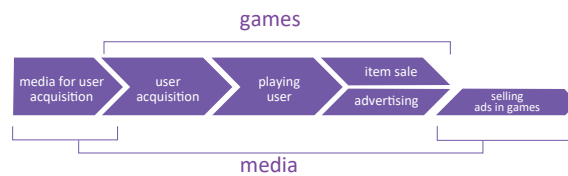
# OPERATIONS AND STRATEGY

## SYNERGIES BETWEEN GAMING AND MEDIA

MGI's roots are in the online video games sector, in which MGI acquires, develops, markets and publishes PC client, browser, console and mobile games for end users. For online gaming, digital media are an important part of the value chain. If a game shall be successful on the market, it is highly dependent on high-quality users. There is a high level of competition for these users. In 2019, 8,000 new games were published only on the online portal Steam. In order to stand out from this mass, an effective user acquisition via media is required. In the case of online gaming, especially via online media. The fact that MGI is also active in the media sector results in several synergies and therefore advantages for its gaming business. The higher media buying power leads to significantly lower user acquisition costs. The media companies have the technology to control and measure user acquisition campaigns and thus help to increase the efficiency of user acquisition campaigns. The advertising spaces on the gaming portals can be sold efficiently, which leads to higher advertising revenues in the gaming sector.

### Media & Games: synergetic sectors

Higher efficiency, larger part of the value, more data, faster growth



- Value-Chain optimization: cheaper user acquisition**
- Scale advantage with ad-buying
  - Additional margin from ad-buying stays in-house
  - Better data to optimize ad-buying
  - Don't need huge in-house advertising team: know-how sharing

- Value-Chain optimization: more ad-income**
- Direct to advertiser sale: higher price per ad
  - Additional margin from ad selling stays in house
  - Better fill-rate

- Media business: profitable 3<sup>rd</sup> party business**
- Clear USP by offering unique first party ads in games
  - Substantial additional ad-purchase budget enables volume guarantees and monetization of remnant
  - Improved optimization: joint customer data platform, optimized targeting

On the other hand, the media sector also benefits from synergies with the gaming sector. In the media sector we are active in the market for digital advertising. Digital advertising refers to the provision of advertising content to users via various online and digital media. The advertising ecosystem consists of two main units, the advertiser and the publisher. The advertiser's goal 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 placed. They provide the "space" for placing ads, manage the ad inventory of the various advertisers and collect campaign data. MGI's media business focuses on coordinating the processes between these two units efficiently. As MGI is also an advertiser and publisher through its gaming business, it knows the requirements of these two units very well and can efficiently respond to the needs of its customers (advertisers and publishers). This is particularly valid for customers from the gaming industry. Furthermore, Fraud is a major problem in the digital advertising market. Fraudulent publishers use botnets (a group of bots) to direct large amounts of traffic and clicks to the website, which allows publishers to meet their revenue targets but does not benefit advertisers. The human equivalent of bots are click farms where people work whose sole function is to click on ads without providing any real benefit to the advertiser. Since MGI itself is a publisher, it can provide a large amount of advertising space that is definitely free of fraud, which is a big advantage over advertising companies which just rely on the advertising inventory of third parties.

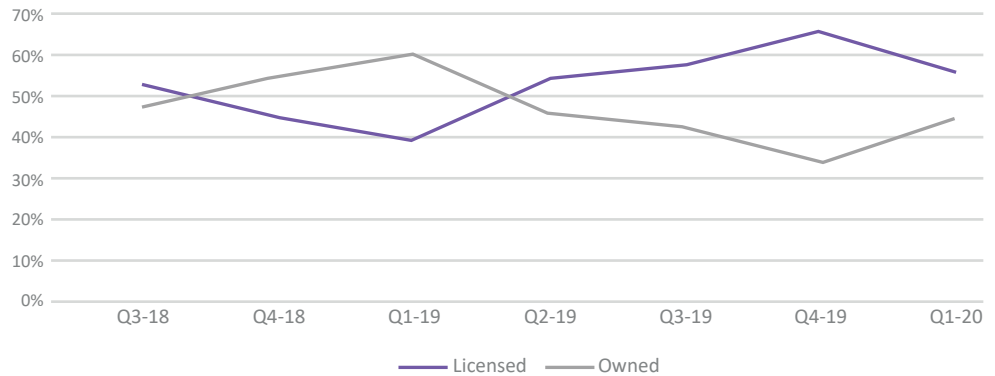
Further synergy advantages lie in the similarity of the two industries, both of which are very technology-driven and in which a strong consolidation is taking place. This means that MGI will be able to expand its "BUY. INTEGRATE. BUILD & IMPROVE." strategy, which it has successfully implemented in the gaming segment in the past, to the media sector relatively easily and with low risk due to massiv experience within the M&A business.

## A CLOSER LOOK AT OUR GAMES

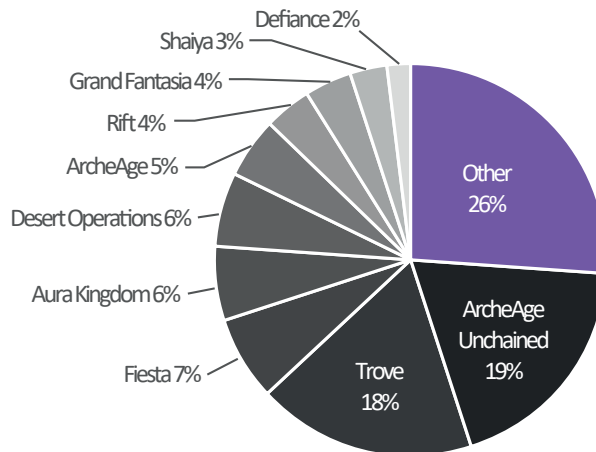
MGI has a large game portfolio of more than 5,000 casual games and over 30 MMOGs. Of the MMOGs, MGI has partly territory-exclusively licensing publishing rights as well for 6 out of its top 10 titles full owned worldwide IP and development rights. MGI has started to acquire more IP



rights in recent years, as they provide MGI with the possibility to further develop games and tailor them better to customers' needs and as such sustain MGI's preferred revenue model. Moreover, MGI is able to attain higher gross margins on their owned games as further in-house development for games is cheaper than paying royalties and also leads mostly to more focused development. Since 2016, MGI has been able to acquire exclusive worldwide IP rights for 6 of their 10 best-selling games and the average gross margin from games with owned IP rights is approx. 75%, as opposed to 50% for licensed games. Below you can find the revenue share in Q1 2020 between revenues with games where MGI owns the IP and licensed games. The increase in licensed revenues pertains mainly from the game launch of ArcheAge Unchained which also led to substantial increase of organic growth in 2019 while MGI invested also in further content updates for the IP owned games which now show also a stronger increase in organic growth and thereof the revenue share of licensed vs owned games aligns again more to each other in Q1 2020 compared to Q4 2019.



MGI's biggest games in Q1 2020 have been ArcheAge Unchained, Trove and Fiesta, which account for 19%, 18% and 7% of the total gaming revenue respectively. The three games belong to the genres adventure MMOG and fantasy MMOG, while other titles also include strategy and build (eg. Desert Operations) and Shooters (eg. Ironsight), which showcases the wide spectrum of players that MGI has attracted. MGI's largest game in terms of revenue is ArcheAge Unchained, which was launched in Q4 2019. Overall, MGI's top ten games account for approx. 74% of the total gaming revenue while 26% of the revenues belong mainly to casual games.



For the successful licensed games licenses are renewed and extended every few years automatically, as customers are tightly tied to MGI and their platform, and the switching costs for developers would be large. As such the loss of license rights is therefore extremely low and has never happened within the MGI group.

**Top 1 Game at a glance (ArcheAge Unchained)**

ArcheAge: unchained is the Buy2Play version of the ultimate sandbox MMORPG ArcheAge Hiram. ArcheAge: Unchained focuses on a fair monetization system and removes the barriers between the player and the ultimate player-versus-player experience. ArcheAge is about skills, dedication and making decisions.





The game stands out from other MMOs because it offers unparalleled freedom in the way players control and shape their world. Collectors, craftsmen and dealers are the driving force behind ArcheAge. They have control over the economy of ArcheAge. You can learn different skills to produce and trade goods and build your own house, ship or castle. Or you can sail the cartographically unexplored ocean, conquer the skies, secure trade routes and gain fame and fortune. The world of ArcheAge can be explored with individually designed vehicles and mounts. Or you can build massive siege machines to storm the hearts of rival castles and claim them as your own. Last but not least, you can team up with friends and fight against hundreds of other players on the battlefields of the open world (which you create yourself!).

### **Top 2 Game at a glance (Trove)**

One of the things that we're often asked is what is it that makes Trove a stand-out in a world of block-building games. There's a lot to unpack in that question. Many folks put Trove in the same category as its beloved cousins. Some of them had been around for years before Trove came to be and it's clear from our vision for the game that Trove took the best parts of each and combined them in an always-online world full of new friends to meet and collectibles to unlock. Trove brought the MMORPG experience to the table, along with new features found nowhere else. Every one of Trove's 16 classes is as unique as you can imagine. You can switch on the fly to take the fight up close and personal or you can hang back a bit to pester enemies from afar with powerful ranged attacks. There's something for every mood, whether you feel like tanking, being a healer, and even if you want to be a flamethrower-equipped dragon - yes, that's a real thing.

So what can you do in Trove? Want to hang out and play with your friends? You can do that in Trove by joining their world at any time to adventure in player-created dungeons, fight fierce foes, and collect awesome new weapons and equipment. The best part is that every adventure world you enter is newly generated and different from the last - you never explore the same map twice. Want to build and create? We have that too! You can form a club with your closest pals to make your own persistent world to build in. You can use terraformers to reshape the entire world and create brand new landmasses on which to build. You can create your own dungeons and even submit new mounts, costumes, and more through Trovesaurus, the special fansite dedicated to folks like you. Our team regularly sorts through all player submissions and may even select your work to be included in Trove itself! To date, over 5,000 entries have been added to the game!

Are you a collector and someone who likes to explore every nook and cranny in the world? We've got you covered! There are literally thousands of styles, hundreds of mounts, and dozens of costumes to find to express yourself in nearly every way imaginable. Every collectible you unlock increases your character's Mastery level, which also increases your stats for every class. Being stronger gives you access to more difficult worlds and new and unique biomes as well. Collecting brings you a host of benefits that make your exploration fun and exciting!

Crafters, Gatherers, and Traders have a place in Trove too! In fact, these are all huge parts of what makes Trove so special to us and to our community. The three together allow you to open up the marketplace to buy and sell to other players. Prices can be set or you can haggle with customers in realtime via Trade Chat.

Trove is unlike any other game on the market. It's unique. It's quirky. It's extensive. It's constantly evolving. It's a game that can easily fit into any slot in your schedule. You can jump in for 5 minutes and still feel like you've made progress. Whether you just want to dip your toes in for an hour or dive deep into dungeons, go spelunking, craft, or just hang out with friends, Trove's got something for you. Come join us!

### **Top 3 Game at a glance (Fiesta)**

Fiesta Online is now over 13 years old and is still generating substantial revenues. Over 50% of the players of Fiesta in the first quarter of 2020 have been in the game for more than 5 years. Over 20% are active between one and two years. This shows on the one hand the long life span of the users and on the other hand that Fiesta, despite its age, is able to attract new players through good maintenance of the game. Fiesta Online is a fantastic Free2play anime MMORPG and takes place in the magical world of Isya. You fight together with friends to save the world of Fiesta Online while you enjoy exciting quests that develop your character according to your wishes. As a Free2Play-Anime-MMMORPG, Fiesta Online offers not only an active and friendly community, but also many daily challenges.

You choose your role as the hero of Isya from six different character classes. In a 3D-Anime-Graphics in the colorful world of Fiesta Online you experience 135 levels full of fun, challenges and





daily new tasks. You have the opportunity to make new friends in the great Fiesta Online community, which is characterized by the mentoring system, the big guilds and numerous in-game events. You can choose from hundreds of outfits or even dances to customize your character and then party with friends. Or you can fight strong monsters with up to 20 players and receive valuable rewards. You start as an apprentice and gain quick experience which you later pass on to the next generation as a master. You can even marry your partner with whom you fought for Isya.

## OUR VIEW ON THE GAMING MARKET

According to Newzoo, global revenues from video games increased by 7.2% to USD 148.8 billion in 2019 and are expected to grow by about 8.4% (2019-22), bringing the total market size to USD 190 billion by 2022.

During the first quarter, the reality of a global COVID 19 pandemic has become clear, with more than a third of the world's population now under the lockdown. According to EDISON Investment Research, we see a period of at least three to six months during which consumers will be isolated from normal activities and other forms of entertainment; as long as this period continues, it will bring significant benefits to game companies. The gaming sector offers a safer haven in troubled markets, with increased consumer demand for online games as a result of lockdowns and a projected continuation of growth over the long term.

According to the latest Facteus Insight Report on Consumer Spending and Transactions (a weekly report on the impact of COVID-19 on the U.S. economy), which includes data through March 29, 2020, video game spending (online and offline), which had already shown strong growth in the first two months of 2020, began to rise in the week of March 9, 2020 and was up more than 50% year-on-year in the week of March 25, 2020.

As highlighted in the above-mentioned Facteus report focusing on the US, the global gaming sector is expected to benefit from a prolonged period of isolation and closure as consumers seek engaging content and virtual interaction with friends and family. Games have always provided cost-effective entertainment, and as the sector's digital broadcasting channels are still open, consumers can choose from a wide range of titles. As companies with short-term financing needs and emerging business models are likely to face difficulties, we currently also expect an increase in M&A opportunities while MGI is through its bonds long-term financed with a strong cash position to take advantage of these opportunities.

## OUR VIEW ON THE MEDIA MARKET

According to Statista, the digital advertising market had a volume of USD 290 billion in 2019, overtaking the offline advertising market. Until 2021 it will continue to grow at an average of 20% (CAGR 2017 - 2021). We see particular growth potential in the in-app advertising segment. The time consumers spend in front of their mobile phones has already overtaken the time they spend watching television. According to comScore, approximately 90% of time spent on the mobile phone is spent in apps, while only a quarter of media spending is on in-app advertising. In the past, this was due to the fact that in-app advertising was difficult to control and measure. Today, we no longer see these problems. Especially since the launch of App-ads.txt. This initiative, launched by the IAB Tech Lab, enables publishers and apps to list authorized digital sellers, boosting transparency by means of a public record, and preventing bad actors from selling counterfeit inventory. In addition, the long-awaited IAB Open Measurement SDK (Software Development Kit - a handy bundle of software tools in a clearly arranged package) was presented in April 2018. Thanks to the single, comprehensive SDK, it was no longer necessary to implement several separate SDKs for third-party visibility and verification. Over 2 billion devices worldwide are now accessible via the Open Measurement SDK. All rate and cost-based metrics regularly used by advertisers in the display sector can now also be applied to in-app. These include viewability, video completion rate, CPC, CPA or on-target percentage. We therefore believe that the market conditions for in-app have changed significantly and that the conditions are now in place for advertisers to focus more on in-app advertising. MGI is very well positioned here, as we have a strong connection to app publishers.

A general important topic for the future, not only regarding in-app advertising, is transparency. Marketers want to know where their ads are being placed. They want to know which ads work and how much revenue each ad brings. Consumers want to know how their data is used. Publishers want to know how the audience interacts with the ads on their websites and how much revenue is



actually generated for partners. This shows that every participant in the digital advertising ecosystem is interested in greater transparency. With the adoption of GDPR and the ratification of other privacy laws, we know that transparency, privacy and security are interconnected. Advertising is at the heart of this tension. How can content be personalized while ensuring the security of customer data? How can we ensure that a partner uses advertising funds to create the best possible campaigns? These questions are currently becoming more and more important, while the big technology players are building ever higher walls against this trend, making it difficult to really get into the details of ad performance. This offers smaller providers the opportunity to fill this space by offering transparent products in terms of data security as well as campaign control and measurement. MGI consistently invests in its technology stack to continuously increase the transparency of its products, for example in its own IAB-approved CMP (Consent Management Product). In addition, MGI, through its gaming division, has a large amount of own advertising inventory, for which it can guarantee a high degree of transparency for this advertising inventory.

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

EUR 000's	Note	31 Mar 2020	31 Dec 2019
Intangible assets	2,3	253,466	233,207
Property, plant and equipment		4,267	3,521
Financial assets and other assets		24,409	19,864
<b>Long-term assets</b>		<b>282,143</b>	<b>256,593</b>
Trade and other receivables		45,606	22,872
Cash and cash equivalents		12,950	32,984
<b>Short-term assets</b>		<b>58,556</b>	<b>55,857</b>
<b>Total assets</b>		<b>340,699</b>	<b>312,449</b>
Equity attributable to shareholders of the parent company	6	148,511	98,068
Non-controlling interest		2,664	70,490
<b>Total Equity</b>		<b>151,175</b>	<b>168,558</b>
<b>Long-term liabilities</b>	4	106,857	89,347
<b>Short-term liabilities</b>	5	82,667	54,544
<b>Total liabilities and equity</b>		<b>340,699</b>	<b>312,449</b>



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

EUR 000's	Note	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Revenues</b>				
Net revenues	7	26,545	13,331	83,893
Own work capitalized		4,192	1,819	10,187
Other operating income		1,161	178	4,636
<b>Total Income</b>		<b>31,898</b>	<b>15,328</b>	<b>98,716</b>
<b>Operating Expenses</b>				
Services purchased & other operating expenses	8	-16,454	-6,769	-55,815
Personnel expenses	9	-10,131	-4,771	-27,358
<b>Total operating expenses</b>		<b>-26,585</b>	<b>-11,540</b>	<b>-83,174</b>
<b>EBITDA</b>				
Depreciation, amortization and write-downs	10	-3,214	-2,122	-10,543
<b>EBIT</b>				
Financial result		2,098	1,666	4,999
		-1,624	-840	-5,758
<b>EBT</b>				
Income Taxes		474	826	-758
		-415	-286	2,012
<b>Net Result</b>				
		59	540	1,253
of which attributable to non-controlling interest		-414	323	1,577
<b>of which attributable to shareholders of the parent company</b>		<b>473</b>	<b>217</b>	<b>-324</b>
<b>Earnings per share</b>				
From continuing and discontinued operations		0.01	0.01	-0.01
<b>From continuing operations</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	Jan-Mar 2020	Jan-Mar 2019
<b>Consolidated profit</b>	<b>59</b>	<b>540</b>
<i>Items that will be reclassified subsequently to profit and loss under certain conditions:</i>		
Exchange differences on translating foreign operations	415	164
Profit / Loss of hedging instruments	-241	0
<b>Other comprehensive income, net of income tax</b>	<b>174</b>	<b>164</b>
<b>Total comprehensive income</b>	<b>233</b>	<b>704</b>
<i>Attributable to:</i>		
<b>Owners of the Company</b>	<b>647</b>	<b>487</b>
<b>Non-controlling interests</b>	<b>-414</b>	<b>217</b>

## 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
<b>Balance at 1 January 2020</b>	70.020	70.020	0	0	0	0	25,127	2,558	363	98,068	70,490	168,558
Consolidated profit								473		473	-414	59
Other comprehensive income									174	174	0	174
<b>Total comprehensive income</b>			0	0	0	0	0	473	174	647	-414	233
Capital increases										0		0
Disposal of subsidiaries										0		0
Acquisition of subsidiaries										0		0
Addition of non-controlling interests due to acquisition of projects										0		0
Addition of non-controlling interests due to disposal of subsidiaries										0		0
Disposal of non-controlling interests due to disposal of subsidiaries										0		0
Changes in scope of consolidation							52,450		-2,653	49,796	-49,796	0
Transfer of ownership interest in gamigo AG										0	-17,616	-17,616
Proceeds from an unregistered capital increase										0		0
Capital increase										0		0
<b>Balance at 31 March 2020</b>	70.020	70.020	0	0	0	0	77,577	3,030	-2,116	148,511	2,664	151,175



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

EUR 000's	Note	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Cash flow from operating activities</b>		<b>6.155</b>	<b>2.477</b>	<b>16.200</b>
<b>Cash flow from investing activities</b>		<b>-14.084</b>	<b>-2.296</b>	<b>-13.070</b>
<b>Cash flow from financing activities</b>		<b>-12.105</b>	<b>5.095</b>	<b>25.407</b>
<b>Cash flow for the period</b>		<b>-20.034</b>	<b>5.276</b>	<b>28.537</b>
Cash and cash equivalents at beginning of period		32.984	4.447	4.447
<b>Cash and cash equivalents at end of period</b>		<b>12.950</b>	<b>9.723</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 March, 31 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 31 March 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 31 March 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 March, 31 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 Q1 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 Q1 2020 pertains mainly from the acquisition of Verve described below.

	March 31, 2020	December 31, 2019
	kEUR	kEUR
Goodwill	152.015	147.339
Other Intangibles	101.452	85.868

#### Acquisition of main assets of Verve Wireless 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 Q1 2020.

### NOTE 4 LONG-TERM LIABILITIES

As of March 31, 2020, the long-term liabilities of MGI increased by kEUR 17.509 to kEUR 106.857 (December 31, 2019: kEUR 89.347) largely based on the MGI bond issues as well as the drawn MBO-term loan from UniCredit Bank in Q1 2020 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 20 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.

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

The short-term liabilities of MGI increased by kEUR 28,123 on March 31, 2020 to kEUR 82.667 compared to kEUR 54,544 on December 31, 2019. This is mainly due to an increase in trade payables as a result of the Group's increased business activity and the Verve acquisition. Furthermore the company purchased gamigo AG shares from the gamigo minority shareholders and offered MGI shares to them in order to settle the company's obligation resulting from the transaction. The MGI shares will be created by a capital increase through contribution in kind during 2020.

## **NOTE 6 SHAREHOLDERS' EQUITY**

As of March 31, 2020, the total shareholders' equity decreased to kEUR 151.175 (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 Q1 2020.

In Q1 2020, the Group did not grant any share-based options or payments to the employees of the Company. No dividends were paid in Q1 2020.

## **NOTE 7 SALES REVENUE**

MGI achieved a Q1 2020 sales revenue of kEUR 26.545. The increase of kEUR 13.214 (Q1 2019: kEUR 13.331) was due to organic growth as well as the acquisitions of WildTangent, AppLift, PubNative, ReachHero and Verve. 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 Q1 2020 compared to Q1 2019 substantially. This strong acquisitive growth of the media segment was further supported by organic growth by the gaming segment through several game launches in 2019 which underscored growth in Q1 2020 next to further content updates in the games portfolio.

## **NOTE 8 SERVICES PURCHASED & OTHER OPERATING EXPENSES**

For Q1 2020, MGI disclosed services purchased and other operating expenses of kEUR 13.215 (Q1 2019: kEUR 6.769). The increase of kEUR 9.685 represents an increase of 11% in relation to the revenues compared to the corresponding figure in Q1 2019. The increase is due to the fact that we are still in the early stages of integrating the media assets in the MGI Group. The integration of the acquisitions from 2019 has not yet been fully completed. We therefore expect this to improve further in the coming periods, while we are already generating positive EBITDA within the media segment.

## **NOTE 9 PERSONNEL EXPENSES**

The personnel expenses increased in Q1 2020 by kEUR 5.360 to kEUR 10.131 compared to the prior year's period. This increase is mainly due to the acquired employees of WildTangent, Verve, AppLift and PubNative during the last 12 months.

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

Depreciation, amortization and write-downs amounted in Q1 2020 to kEUR 3.214 (Q1 2019: kEUR 1.777). The increase is mainly due to additional PPA depreciation and amortization of the acquired companies and assets. In Q1 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, the Supervisory Board, 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 54% of the Company as at the balance sheet date and 62% 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, both are directors of Jarimovas GmbH, Dusseldorf. In the consolidated balance sheet as at 31 March 2020, the Group has reported various current liabilities to Bodhivas GmbH, Düsseldorf, with a total value of kEUR 1,163 (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 2,429 (December, 31 2019: kEUR 2,411). 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. Media and Games Invest has receivables against Bodhivas in the amount of EUR 100,000.

René Mueller resigned as a member of the Board of Directors of the Company on 25.02.2020.

René Mueller is a member of the Administrative Board of GSC General Service Center AG, Zug.

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 Q1 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 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](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 Westermann, 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 31 March 2019 are in compliance with IFRS, as adopted by the EU, and give a true and fair view of the Group's Net As-sets, Financial Position and Results of Operations.

Malta, June 18, 2020

Board of Directors



**Media and Games Invest plc**

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