Media and Games
Invest Group

Q3 REPORT 2020

MEDIA AND GAME INVEST GROUP "MGI"

MGI REPORTS 150% ADJ. EBIT GROWTH AND INCREASED FORECAST FY2020

"MGI exceeded expectations also in the third quarter 2020. Revenues increased by 29% to €35m and the adj. EBIT by 150% to €4m. Due to the strong performance we have raised for the second time this year ***our*** *forecast for 2020* ***at the beginning of November****. We now expect revenues of up to €135m and up to €26m reported EBITDA."* says Remco Westermann, CEO MGI Group.

HIGHLIGHTS THIRD QUARTER 2020

- **Net revenues** amounted to 35.0 mEUR (Q3 2019: 27.1 mEUR), an increase of 29% compared to Q3 2019.
- **Adjusted EBITDA** amounted to 6.4 mEUR (Q3 2019: 4.0 mEUR), which is an increase of 61%.
- **Adjusted EBIT** increased to 4.0 mEUR (Q3 2019: 1.6 mEUR), which is an increase of 150%.
- **Leverage ratio** adjusted for the net proceeds from the capital increase decreased to 2.0 as per 30 September 2020 (3.2 as per 30 June 2020).
- **Cash and cash equivalents** adjusted for the capital increase amounted to 37.9 mEUR as per 30 September 2020 (15.5 mEUR as per 30 June 2020).

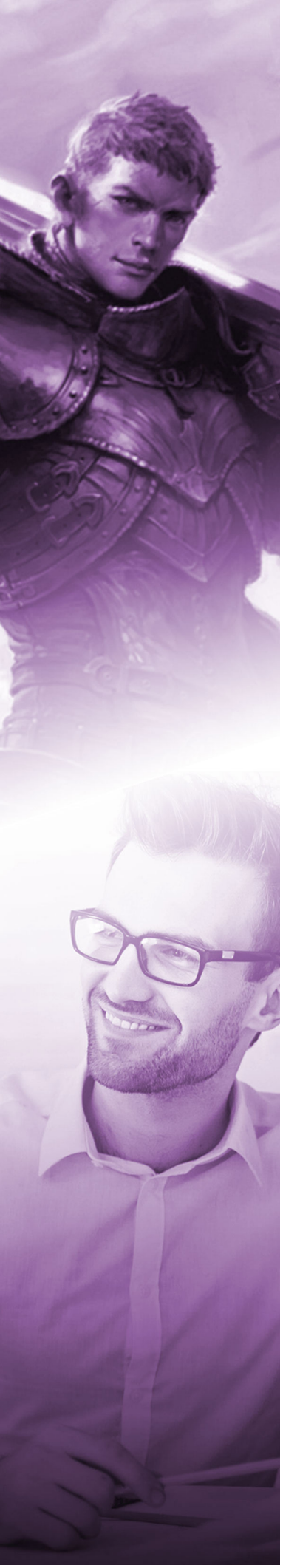
SELECTED KEY PERFORMANCE INDICATORS, MGI GROUP

In mEUR	Q3 2020	Q3 2019	Q1 - Q3 2020	Q1 - Q3 2019	FY 2019
Net Revenues	35.0	27.1	91.5	55.7	83.9
YoY Growth in revenues	29%	-	64%	-	157%
EBITDA	5.9	3.9	17.5	11.5	15.5
EBITDA margins	17%	14%	19%	21%	19%
Adj. EBITDA	6.4	4.0	19.0	12.3	18.1
Adj. EBITDA margins	18%	15%	21%	22%	22%
Adj. EBIT	4.0	1.6	11.7	6.1	10.4
Adj. EBIT margins	12%	6%	13%	11%	12%
Net Result	0.3	0.1	0.7	0.9	1.3

SELECTED KEY PERFORMANCE INDICATORS, MGI SEGMENTS

MGI Gaming Segment				
In mEUR	Q3 2020	Q2 2020	Q1 - Q3 2020	FY 2019
Net Revenues	18,0	18,8	50,7	43,1
Group revenue share	51%	63%	55%	51%
EBITDA	4,8	5,3	14,6	12,6
EBITDA margins	27%	28%	29%	29%
Adj. EBITDA	5,0	5,5	15,5	14,5
Adj. EBITDA margins	28%	29%	31%	34%

MGI Media Segment				
In mEUR	Q3 2020	Q2 2020	Q1 - Q3 2020	FY 2019
Net Revenues	17,0	11,2	40,8	40,8
Group revenue share	49%	37%	45%	49%
EBITDA	1,1	1,0	3,0	2,9
EBITDA margins	7%	9%	7%	7%
Adj. EBITDA	1,4	1,2	3,5	3,6
Adj. EBITDA margins	8%	11%	9%	9%



A WORD FROM REMCO WESTERMANN, CEO

"With an outstanding Q3 we continued our strong growth from the previous quarters and years. We were able to exceed expectations with revenues increasing by 29% to EUR 35.0 million (Q3 2019: EUR 27.2 million) and adj. EBITDA increasing by 61% to EUR 6.4 million (Q3 2019: EUR 4.0 million). Gaming continued its positive growth profile, however -as usual in the third quarter- was slightly impacted by seasonality and also the pause of the lock-down measures in Europe. A positive revenue effect for our games came from the strong inflow of new players that we realized during the corona lockdown period in Q2 2020. In the media unit, that supports the gaming segment in terms of user acquisition as well as working for external advertisers like Zynga, Innogames and Ubisoft, we saw positive EBITDA effects from integrating our latest acquisitions.

We achieved a special milestone by end of Q3 with the acquisition of freenet Digital GmbH, which from the fourth quarter onwards will strongly boosts our mobile games revenues. While we expect PC and console games to further remain our strongest revenue generators, we also see strong growth potential in mobile gaming through organic growth, a.o. by enabling part of our existing games portfolio for mobile devices and by launching newly licensed mobile games, as well as through further acquisitions. Growth in mobile will also be strongly supported by the media unit via efficient user acquisition.

Another key milestone was the listing on Nasdaq First North Premier which we combined with a capital increase. With good trading volumes, gaming affine investors and many gaming peers we have high expectations from this listing, which was already proven by our capital increase being well oversubscribed.

Our expectations for the fourth quarter of 2020 are very positive, combining the usual strong positive seasonality of Q4 as well as a lot of activities in the games. Next to launching Atlas Rogue there will also be several other large updates in our games. Based on our strong Q3 as well as this positive outlook for Q4 we have increased our forecast, expecting full year 2020 consolidated revenues in the range of EUR 125 to 135 million and an reported EBITDA of EUR 23 to 26 million. This would correspond to YoY revenue growth between 49% and 61% and EBITDA growth between 48% and 67%.

In the coming quarters we are planning to further accelerate our organic growth. After our repositioning from end of 2012, we first mostly drove growth via M&A, with now cumulatively well over 30 acquisitions. We are seeing positive results from this, as YTD, our organic growth in the gaming portfolio increased to 16% YoY at the end of Q3. We expect a further increase of organic growth in the coming quarters.

Overall, the company is in a very good position to continue its profitable growth track and have sufficient cash and flexibility to take advantage of M&A opportunities. We are looking forward to the next quarters and I would like to thank all partners and investors as well as our employees for their trust and enthusiasm."

Remco Westermann
CEO & Chairman of the Board of Media and Games Invest

FINANCIAL PERFORMANCE

CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

THE THIRD QUARTER 2020

- **Net revenues** amounted to 35.0 mEUR (Q3'19: 27.2 mEUR), which is an increase of 29%. After a strong, increase in the first two quarters of 2020, player activity was high in the third quarter and for parts of the portfolio significantly higher than in the previous year, which lead to organic growth in the gaming segment. The media segment grew via M&A and organically with an increased media spent from gaming companies.
- **Adj. EBITDA** amounted to 6.4 mEUR (Q3'19: 4.0 mEUR), which is an increase of 61%. The corresponding adjusted EBITDA margin increased to 18% (Q3'19: 15%). Following the organic growth in the gaming segment as well as based on the further integration of the latest acquisitions in the media sector, profitability continued to increase.
- **Adj. EBITDA margins** increased from 15% to 18% due to realized synergies within the acquisitions as well as organic growth.
- **EBITDA** amounted to 5.9 mEUR (Q3'19: 3.9 mEUR) which is an increase of 51%.
- **EBITDA margins** increased from 14% to 17% due to realized synergies within the acquisitions as well as organic growth of both segments.
- **Adj. EBIT** increased to 4.0 mEUR (Q3'19: 1.6 mEUR), which is an increase of 150%. The adjusted EBIT margin doubled to the total adj. EBIT margin of 12% (Q3'19: 6%).
- **EBIT** increased to 2.5 mEUR (Q3'19: 0.9 mEUR), which is an increase of 181%.
- **The net result** amounted to 0.3 mEUR (Q3'19: 0.1 mEUR), which is an increase of 316% despite investments for high growth.

THE FIRST NINE MONTH PERIOD 2020

- **Net revenues** amounted to 91.5 mEUR (Q1-Q3'19: 55.7 mEUR), which is an increase of 64% compared to the first nine-month 2019. In terms of net revenues MGI outperformed in the first 9-month of 2020 already the full year 2019 (83.9 mEUR) due to strong organic and M&A growth.
- **Adj. EBITDA** amounted to 19.0 mEUR (Q1-Q3'19: 12.3 mEUR), which is an increase of 54%. It's the result of the strong organic growth of 16% in the first nine months in the gaming segment as well as value accreditive M&A.
- **Adj. EBITDA margins** decreased slightly to 21% (Q1-Q3'19: 22%) due to an increased media revenue share.
- **EBITDA** amounted to 17.5 mEUR (Q1-Q3'19: 11.5 mEUR), which is an increase of 53%.
- **EBITDA margins** increased from decreased slightly from 21% to 19% due to an increased share of media revenues. Within the full year 2020 MGI expects an increased YoY EBITDA margin.
- **Adj. EBIT** developed very well and increased to 11.7 mEUR (Q1-Q3'19: 6.1 mEUR), which is an increase of 92%.
- **EBIT** increased in the first nine months 2020 to 7.5 mEUR (Q1-Q3'19: 4.1 mEUR), which is an increase of 81%.
- **The net result** for the first nine-month 2020 amounted to 0.7 mEUR (Q1-Q3'19: 0.9 mEUR) and decreased slightly compared to prior year due to the increased financial expenses and PPA depreciation following the M&A transactions.

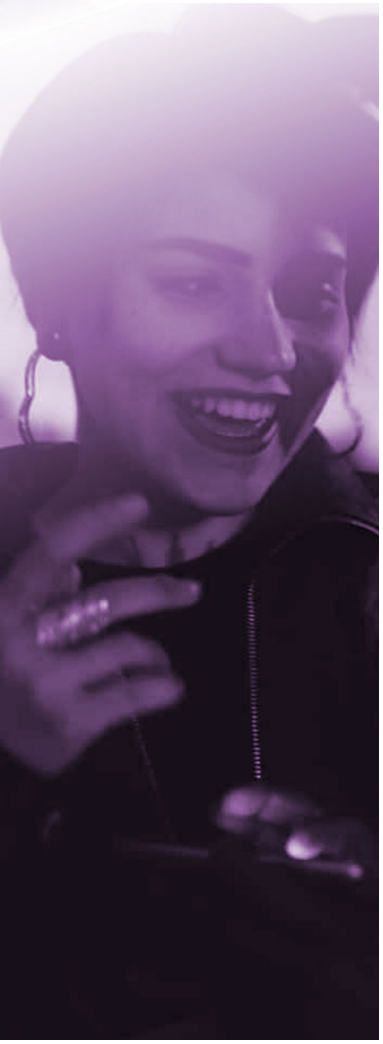
CASH FLOW AND FINANCIAL POSITION

- **Operating Cashflow** amounted to 3.8 mEUR (Q3'19: 3.3 mEUR), which is an increase of 15% and leads to an operating cash flow of 21.7 mEUR in Q3'20 LTM.
- **The equity ratio** was 49% as of September 30, 2020 (December 31, 2019: 54%) and thus, the equity decreased due to the bond issues as well as further debt 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.
- **Cash and cash equivalents** amounted to 10.9 mEUR as of September 30, 2020 compared to 33.0 mEUR as of December 31, 2019 and decreased as a result of the latest acquisitions. Including the net proceeds from the capital increase settled on October 6, 2020 the cash balance amounted at 37.9 mEUR.
- **Net interest bearing debt** as of September 30, 2020 amounted to 76.3 mEUR.

- **Interest coverage ratio** was 3.2 compared to 2.2 in Q3'19 and therefore increased strongly as the operating profitability increased in line with the company growth.
- **The leverage ratio,** adjusted for the net proceeds from the capital increase decreased on September 30, 2020 to 2.0 compared to 3.2 as of June 30, 2020.

INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

- **Capitalized own work** amounted in the third quarter 2020 to 3.8 mEUR (Q3'19: 3.1 mEUR) and included investments in the optimization and further development of the IT platforms in the gaming and media segment, as well as sequels and updates to existing games such as ArcheAge, Trove, Fiesta, Grand Fantasia and Aura Kingdom. Additionally, MGI developed in the last periods the sequel Atlas Rogues based on the IP of Altas Reactor which will be launched in Q1'20. As a percentage of net revenues, these investments amounted to 11% in Q3'20 compared to 11% in Q3'19 and were therefore stable.
- **Depreciation and amortization** amounted to 3.4 mEUR (Q3'19: 3.0 mEUR) and increased mainly due to additional PPA depreciation from the latest acquisitions. Accordingly, the groups intangible assets increased from 233.2 mEUR on December 31, 2019 to 261.5 mEUR on September 30, 2020. The Groups liabilities increased on September 30, 2020 to 166.2 mEUR compared to 143.9 mEUR on December, 31 2019 as a result of the increased operations and M&A activities of the Group.



SEGMENT REPORTING, Q3 2020

GAMING SEGMENT

	MGI Gaming Segment			
In mEUR	**Q3 2020**	**Q2 2020**	**Q1 - Q3 2020**	**FY 2019**
Net Revenues	18,0	18,8	50,7	43,1
Group revenue share	51%	63%	55%	51%
EBITDA	4,8	5,3	14,6	12,6
EBITDA margins	27%	28%	29%	29%
Adj. EBITDA	5,0	5,5	15,5	14,5
Adj. EBITDA margins	28%	29%	31%	34%

- **Net revenues** in the third quarter amounted to 18.0 mEUR (Q2'20: 18.8 mEUR), which is a quarter-on-quarter decrease of 4% due to seasonality as well as fewer game launches and expansion packages. The overall high and stable revenues compared to Q1 2020 with 13.9 mEUR underscored the long-term covid-19 effect in terms of gaming revenues and reflects a strong organic growth.
- **Net revenue share** of the gaming segment was 55% YTD which was impacted in Q3 by the Platform 161 acquisition and therefore reduced from 63% in Q2'20 to 51% in Q3'20. With the Freenet Digital acquisition closed on 1 October 2020 MGI expects the gaming revenue share to grow in Q4'20.
- **Adj. EBITDA** amounted to 5.0mEUR (Q2'20: 5.5) which is a quarter-on-quarter decrease of 10% due to seasonality, increased marketing spends for player retention after an outstanding strong Q2'20 as well as an increased share of licensed game revenues.
- **Adj. EBITDA margin** remained relatively stable and decreased by 1% due to higher marketing expenses and increased share of licensed revenues during Q3'20 compared to Q2'20 where many new players entered the gamigo platform.
- **EBITDA** in the third quarter amounted to 4.8 mEUR (Q2'20: 5.3 mEUR), which is a decline of 10% compared to the second quarter which showed a strong Covid-19 effect in terms of revenues and profitability. Compared to the pre-Covid Q1'20 with 4.5 mEUR the third quarter EBITDA increased by 7% despite a seasonal effect which reflects a very strong post-covid-lock-down development during the summers season.
- **EBITDA margin** remained relatively stable at 27% (Q2'20: 28%) with a slight decrease due to an increased marketing spend, in combination with increased licensed revenues.

EVENTS IN THE GAMING SEGMENT

In MGI's gaming segment, the company offers more than 25 Massively Multiplayer Online Games (MMOs) and over 5.000 casual games. Genres range from role playing, to fantasy, strategy and shooter MMOs, and include such diverse titles as ArcheAge Unchained, Aura Kingdom, Desert Operations, Grand Fantasia, Fiesta Online and Trove, which have been established on the market for many years, with strong and loyal communities. gamigo strives to support these MMO games with regular fresh game content and targeted marketing to continuously add excitement and innovation, enabling lively communities and long-term user retention. This extends the games' lifespan and keeps players engaged and entertained. Below is an overview of some of our key events in the gaming segment in the last quarter:

TROVE PARTNERS WITH APROGEN GAMES FOR KOREAN LAUNCH

MGI via gamigo announced that they are partnering with the Korean publisher Aprogen Games to release the cubic adventure Trove on PC in South Korea. Founded in 2014, Aprogen Games can look back on an impressive track record of publishing diverse games in the Asian markets. They have decades worth of experience in the gaming industry and are well-equipped to ensure the successful launch of the popular voxel-based block building game. MGI and Aprogen Games will provide players with continuous updates on the publishing process of the Voxel-MMO. Furthermore, Aprogen takes over the investment-risk for marketing and localization while MGI receives an sublicensing fee for its IP Trove. MGI intends to support Aprogen as well through its own media unit with offices in Korea within user acquisition. Therefore MGI has zero downside risk with a very nice upside potential from this Asia expansion in terms of game sublicense fees and advertising revenues.

TROVE LAUNCHES "DELVES" ON CONSOLES

After delivering Delves, an extensive update to gamigo's MMO gem Trove, to PC players earlier this year, July saw the highly anticipated release to Microsoft Xbox and Sony PlayStation. Delves offers a new type of procedurally generated gameplay, allowing for endless variations of combat. Players are running through a Delve – an extensive underground complex – to complete objectives and defeat the boss of each floor and loot his rewards, only 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, here players can switch between combat and discovery mode. gamigo supported the release of the console update with an international campaign on the PlayStation stores in Europe and North America, driving new audiences into the game. The continuous new content and features added to Trove enable the game's ongoing success and future potential.

FIESTA ONLINE CELEBRATES ITS 14TH BIRTHDAY

With an epic cupcake war and many further in-game celebrations, the Anime MMORPG Fiesta Online celebrated its 14th Anniversary. The game's enchanted worlds were filled with sparkling decorations and players came together for many special anniversary quests with birthday themed tasks and were rewarded with prizes, adorable birthday balloon pets and more. The overwhelming excitement in the game's community proved that the game and its loyal community show no signs of slowing down.

ARCHEAGE UNCHAINED LAUNCHES GARDEN OF GODS EXPANSION: The Ipnysh Sanctuary

After ArcheAge: Unchained, the buy-to-play cousin of ArcheAge, released its massive expansion "Garden of the Gods" earlier in 2020, in Q3 this was followed with a significant update to that expansion, launched in August. Apart from a wide variety of new content, including dungeons, quests, skills, powerful gear and valuable loot, the update also further expands the storyline of ArcheAge, adding to the lore of the world and involving the community into the mysterious history of the lands of Erenor.

GRAND FANTASIA ADDS A FLOATING CITY

Following the literal mythical Rainbow Road, players of Grand Fantasia would find the new Sprite Sanctuary, an antediluvian city floating high above the clouds. A new family of playful Sprites will aid the players and their companions in their quest to uncover the secrets of the radiant road to the heavens. Many treasures await heroes that are brave enough to venture into the new dungeon and prove their might against the powerful Taros, the new bosses that spawn across the world map. This and a further 67 new trivia quests with ample rewards deliver countless hours of adventuring for one of gamigo's most popular MMOs.

AURA KINGDOM WITH DOUBLE PATCH

gamigo delivered a double punch to fans of the colourful online MMO Aura Kingdom. Combining two patches into one update in September, the game received one of its largest content expansions yet. With this patch, daring adventurers can embark on an epic journey through new dungeons together with novel pets and explore thrilling Gaia Chronicle events. New Monster story dungeons and Nightmare dungeons as well as new Mirabelle quests add significant new challenges for fearless adventurers, while with the help of the new semi-automatic cast skills, their fight can concentrate on enemies, instead of the game interface.

OTHER

Many of gamigo's diverse range of titles have received smaller and larger game updates in Q3, be it the exhilarating "Mayhem and Mutiny" Events in the futuristic online action shooter DEFIANCE 2050 in August, or the new Senshi "Berry" that was introduced during the game's joyous Octoberfest celebrations in the masterful Anime worlds of TWIN SAGA. The pipeline for new exciting content for gamigo's games provides their communities with constant new challenges, gear and adventure. Game launches and bigger content updates are in the pipeline for Q4 with a strong focus on the self-developed sequel Atlas Rogues based on the Atlas Reactor IP.

MEDIA SEGMENT

	MGI Media Segment			
In mEUR	Q3 2020	Q2 2020	Q1 - Q3 2020	FY 2019
Net Revenues	17,0	11,2	40,8	40,8
Group revenue share	49%	37%	45%	49%
EBITDA	1,1	1,0	3,0	2,9
EBITDA margins	7%	9%	7%	7%
Adj. EBITDA	1,4	1,2	3,5	3,6
Adj. EBITDA margins	8%	11%	9%	9%

- **Net revenues** amounted to 17.0 mEUR (Q2'20: 11.2 mEUR), which is an increase of 49%, driven by more mobile gaming advertising partnerships with Zynga and other gaming companies with further growth awaited in the next quarters.
- **Net revenue share** of the media segment was 45% YTD which was impacted by "organic growth" and the Platform 161 acquisition in Q3'20 and therefore increased from 37% in Q2'20 to 49% in Q3'20. With the Freenet Digital acquisition in Q4'20 the media revenue share might decrease in Q4'20.
- **Adj. EBITDA** increased by 13% to 1.4 mEUR (Q2'20: 1.2m), as a result of increased revenues.
- **Adj. EBITDA margins** decreased from 11% to 8% due to the Platform 161 acquisition which dilutes the EBITDA margins short-term.
- **EBITDA** amounted to 1.1 mEUR (Q2 2020: 1.0 mEUR) which is an increase of 13% as a result of the increased revenues but impacted by one-time M&A cost due to the deconsolidation of Mediakraft TV, Poland.
- **EBITDA margin** decreased as a result of the newly acquired Platform 161 in July 2020 which is until full integration diluting the overall growing EBITDA margins in the media segment.

EVENTS IN THE MEDIA SEGMENT

The Media segment offers a wide range of services, from a full stack digital advertising platform to influencer and social media marketing, which all have great synergies with the gaming sector. Gaming essential practices such as user acquisition can be more efficient through this full stack service within the MGI group. This way, the media sector and the gaming sector together contribute to the group's organic growth. The following are some of the events in the media segment in the past quarter of 2020.

AD-TECH CONFERENCES AND EVENTS

This quarter we could enhance our presence in the advertising landscape through various marketing events. We participated in several panels, podcasts, online events, and Q&As such as MGS Deep Dives IDFA panel, MMA EMEA's Video Podcast or Mobile Growth Association's IDFA Q&A. Additionally, we published a vast series of content about new privacy regulations as well as the advertising tech of tomorrow across media outlets and platforms such as VentureBeat, Business of Apps, Mobile Marketing Association EMEA, and others.

GROWTH OF THE MOBILE GAMING PARTNERSHIPS AND REVENUES

We are very proud to share that this quarter has delivered accelerating growth in the media sector. Driven by stronger mobile gaming partnerships we grew with 49% quarter on quarter, with further growth awaited in Q4'20.

After the pandemic's outbreak in Q2'20, we observed increased screen times and session lengths and hence a higher revenue opportunity with gaming apps at the forefront. Seizing these opportunities, we accelerated our publisher onboarding initiatives, in return increasing our market share. This can be seen on our strong revenue growth quarter on quarter.

One of our main initiatives this year has been increasing the share of revenue coming from video advertising, as it is one of the most favoured formats in gaming apps. At the end of Q3'20 we achieved an average month on month growth of 57% in this format through both sales and product development efforts, with further growth awaiting as we scale our gaming publisher's footprint.

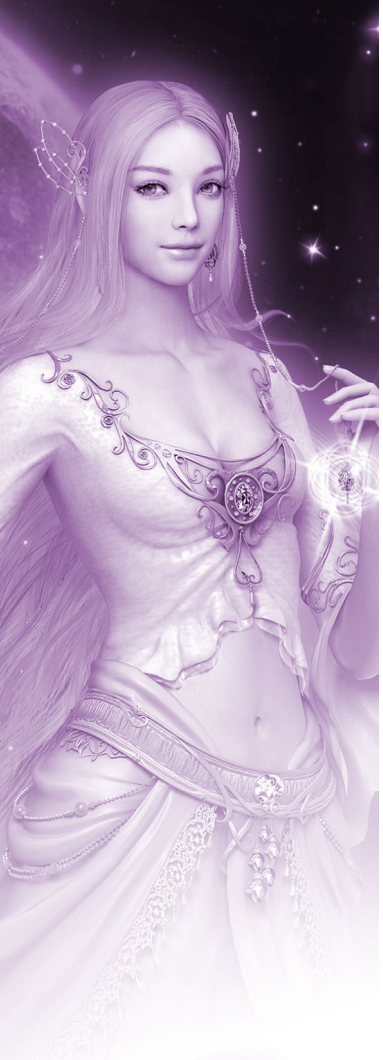
INNOVATION

Due to current developments in the advertising ecosystem, we took the chance to push ahead on our roadmap in order to strengthen our position in the competitive and constantly evolving media landscape. Our main focus was on expanding our SDK (Publisher Interfaces) capabilities. Firstly, by releasing a version that is IAB OM (Open Measurement) certified for increased brand safety and measurement. Secondly, by adding support for both Apple attribution (SKAdNetwork) and AppTracking Framework in light of the iOS14 launch. Last but not least we expanded our CMP (consent management platform) / and SSP (Supply Side Platform) to be TCF 2.0 (Transparency and Consent Framework) compliant. Furthermore, we continued to iterate on our improved video advertising support on the platform with initial Connected TV support as well.

AD-TECH AND GAMING, A KILLER COMBINATION

The top 10 games publishers on the platform grew with an average of 58% month on month this quarter. For example, one of our larger casual game publishers, with 500M+ lifetime downloads across their portfolio, grew with 52% in Q3'20 on our marketplace. Another medium size puzzle games publisher, with 20M+ monthly active players, grew with an average of 60% this period.

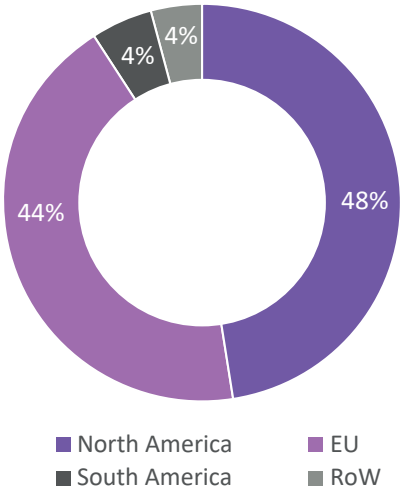
For the next quarter, we expect to see this growth to continue with new key partnerships. We onboarded major game publishers, such as Zynga, with more than 80M monthly active players globally across their portfolio, or Rollic Games - one of their recent acquisitions in the Hyper Casual gaming space.



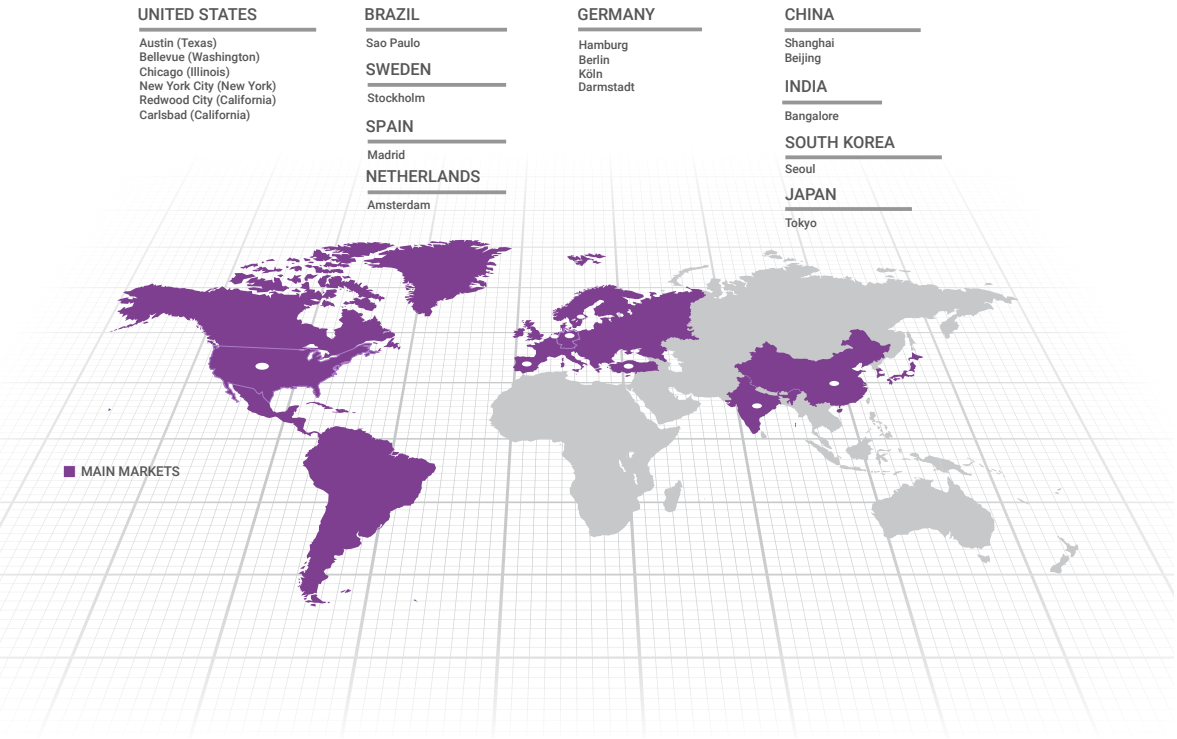
KEY MARKETS AND LOCATIONS

MGI`s main markets are Europe and North America, constituting approx. 90% of the total gaming revenues. Our goal is to further acquire games in these markets and to internationalize further our existing gaming and media portfolio, eg. throughout sublicensing deals for some of our biggest gaming IP's to Asia where we now signed the first contract with Aprogen Games for our game Trove.

GAMING REVENUE PER REGION (Q1 - Q3'20)



The MGI Group has various offices in Europe, North America, South America and Asia. As of September 30, MGI had +650 employees worldwide, of which about 60% work in the gaming sector and 40% in the media sector.



OUR VIEW ON THE GAMING MARKET

BIGGEST ENTERTAINMENT MARKET WITH HIGH GROWTH EXPECTATIONS

The gaming industry is bigger than the music, film or book industry and is now the largest entertainment market in the world. In 2020 a turnover of about 159 billion dollars is expected and a growth of about 9%.

MGI's core business is in the PC and console games sector, which will grow by 5% respectively 7% in 2020 and together account for about 51% of the total market, which corresponds to a total turnover of about 82 billion dollars.

It has been shown that the gaming industry is very resistant to crises. Growth did not slow down due to the Corona crisis but was even somewhat driven by it. But even without the extensive lockdowns during the Corona crisis, the gaming market continues to grow steadily. By 2020 the market is expected to grow to over 200 billion, which corresponds to a CAGR of +8.3%.

Mobile gaming is expected to grow strongest (+13% YoY 2020), which is why MGI has also set the course for growth in this area. With the establishment of the media segment, MGI now has a strong firepower in the area of user acquisition, which is a key success factor especially in the highly competitive mobile gaming market. With the acquisition of freenet Digital, the mobile gaming portfolio was expanded by approx. 1,500 mobile games, which will lead to an increase in the share of mobile gaming revenues already in Q4'20. In addition, there are opportunities for organic growth by converting parts of the existing PC games portfolio to mobile devices.

MGI is active in one of the strongest growth markets, which has proven to be very crisis-resistant in the past and has even been able to significantly exceed the strong market growth in the past years. MGI expects this growth to continue in the coming years.

Source: Newzoo - Global Games Market Report 2020

EVENTS AFTER THE INTERIM PERIOD

DUAL LISTING ON NASDAQ FIRST NORTH PREMIER STOCKHOLM

MGI celebrated its First Day of Trading on the Nasdaq First North Premier on October 6, 2020. The listing is an important milestone for the company, as a successful gaming cluster has been established on the Swedish capital market and investors are accordingly familiar with gaming. Through the listing, in combination with a capital increase, the company has been able to attract further well-known investors such as UBS, SEB and Finlandia. Being listed on the same stock exchange as our own peer group leads to a better comparability. Furthermore, the dual listing leads to a higher liquidity of the MGI share with increased trading volumes in Frankfurt and on Nasdaq Stockholm.

CAPITAL INCREASE SEK 300m

On 29 September we announced that we had successfully completed the book-building process of a directed share issue of 25,000,000 raising proceeds of SEK 300 million (€29m). The Private Placement was 3 times oversubscribed and generated strong interest from both Swedish and international investors, and the Company has therefore decided to increase the size of the Private Placement from SEK 250 million to SEK 300 million. Following the closing of the Private Placement, the number of outstanding shares in the Company will be 117,073,507.

€80m BOND ISSUE

On 13 November 2020 we have successfully placed EUR 80 million of senior secured bonds following a book-building process to qualified investors in the Nordics and continental Europe. The placement was made at a coupon of 3 months Euribor plus 5.75 per cent per annum and a tenure of four years.

CONDENSED CONSOLIDATED STATEMENT OF INCOME, MGI GROUP
(unaudited)

EUR 000's	Note	Q3 2020	Q3 2019	Q1 - Q3 2020	Q1 - Q3 2019	FY 2019
Revenues						
Net revenues	7	34,963	27,145	91,532	55,720	83,893
Own work capitalized		3,839	3,092	11,832	6,750	10,187
Other operating income		2,336	887	4,142	3,660	4,636
Total Income		**41,138**	**31,124**	**107,505**	**66,130**	**98,716**
Operating Expenses						
Services purchased & other operating expenses	8	-25,874	-18,906	-61,026	-35,920	-55,815
Personnel expenses	9	-9,358	-8,297	-28,945	-18,748	-27,358
Total operating expenses		**-35,232**	**-27,203**	**-89,970**	**-54,668**	**-83,174**
EBITDA		**5,907**	**3,921**	**17,535**	**11,462**	**15,542**
Depreciation, amortization and write-downs	10	-3,440	-3,043	-10,022	-7,319	-10,543
EBIT		**2,467**	**878**	**7,513**	**4,143**	**4,999**
Financial result		-1,865	-1,802	-5,322	-3,676	-5,758
EBT		**602**	**-924**	**2,191**	**467**	**-758**
Income Taxes		-345	985	-1,460	474	2,012
Net Result		**257**	**62**	**731**	**942**	**1,253**
of which attributable to non-controlling interest		128	13	-434	472	1,577
of which attributable to shareholders of the parent company (2018 including results from discontinued operations)		**129**	**49**	**1,165**	**470**	**-324**
Earnings per share		**0.02**	**0.01**	**0.02**	**0.01**	**-0.01**
Average number of shares						
Undiluted		73,312	58,817	73,312	58,817	60,390
Diluted		116,397	61,181	116,397	61,181	66,754

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

EUR 000's	Note	30 Sep 2020	31 Dec 2019
Intangible assets	2,3	261.515	233.207
Property, plant and equipment		2.915	3.521
Financial assets and other assets		20.729	19.864
Long-term assets		**285.160**	**256.593**
Trade and other receivables		25.005	22.872
Cash and cash equivalents		10.927	32.984
Short-term assets		**35.931**	**55.857**
Total assets		**321.091**	**312.449**
Equity attributable to shareholders of the parent company	6	154.926	98.068
Non-controlling interest		866	70.490
Total Equity		**155.792**	**168.558**
Long-term liabilities	4	**111.688**	**89.347**
Short-term liabilities	5	**53.611**	**54.544**
Total liabilities and equity		**321.091**	**312.449**

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

EUR 000's	Q3'20	Q3'19	Q1-Q3 2020	Q1 - Q3 2019	FY 2019
Consolidated profit	**257**	**340**	**731**	**942**	**1.253**
Items that will be reclassified subsequently to profit and loss under certain conditions:					
Exchange differences on translating foreign operations	-1.469	271	-1.784	886	457
Profit / Loss of hedging instruments	-1	0	-4	-279	-237
Other comprehensive income, net of income tax	**-1.469**	**271**	**-1.788**	**606**	**220**
Total comprehensive income	**-1.212**	**611**	**-1.057**	**1.548**	**1.473**
Attributable to:					
Owners of the Company	**-1.340**	**620**	**-623**	**1.076**	**-104**
Non-controlling interests	**128**	**-9**	**-434**	**472**	**1.577**

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

	Common stock		Capital reserves	Retained earnings/ ac-cumu-lated losses (-)	Amounts recognised directly in equity	Shareholders' equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
	Shares thou-sands	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR
Balance at 1 January 2020	70.020	70.020	25.127	2.558	363	98.068	70.490	168.558
Consolidated profit				1.165		1.165	-434	731
Other comprehensive income					-1.353	-1.353		-1.353
Total comprehensive income	**70.020**	**70.020**	**25.127**	**3.723**	**-990**	**97.880**	**70.056**	**167.936**
Capital increases	3.968	3.968	532			4.500		4.500
Changes in scope of consolidation (Additional Shares in Reachhero)				1.216		1.216	-233	983
Disposal of subsidiaries				-693	-434	-1.127		-1.127
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	0
Changes in scope of consolida-tion						0	0	0
Transfer of ownership interest in gamigo AG	18.086	18.086	34.370			52.456	-68.956	-16.500
Balance at 30 September 2020	**92.074**	**92.074**	**60.030**	**4.246**	**-1.424**	**154.926**	**866**	**155.792**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MGI GROUP (unaudited)

EUR 000's	Note	Q3'20	Q3'19	Q1 - Q3 2020	Q1 - Q3 2019	FY 2019
Cash flow from operating activities		**3.807**	**3.308**	**14.652**	**9.139**	**16.200**
Cash flow from investing activities		**-4.547**	**-7.320**	**-22.231**	**-10.109**	**-13.070**
Cash flow from financing activities		**-3.781**	**3.767**	**-14.478**	**22.524**	**25.407**
Cash flow for the period		**-4.521**	**-245**	**-22.057**	**21.554**	**28.537**
Cash and cash equivalents at beginning of period		15.448	26.246	32.984	4.447	4.447
Cash and cash equivalents at end of period		**10.927**	**26.001**	**10.927**	**26.001**	**32.984**

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

- Q1 2020: 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.
- Q3 2020: Acquisition of 100% shares in Platform 161 and its businesses (see in detail Note 2 Intangible assets and acquisitions) in Q3 2020.
- Q3 2020: Deconsolidation of the 95% subsidiary Mediakraft TV, Poland which were sold for EUR 1,00 to the Management. This is part of the reduction of complexity and consolidation within MGI Groups entities. Mediakraft Networks GmbH (Germany) remains to be 100% part of the MGI Group.

NOTE 2 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

The change in Goodwill is mainly related to the acquisitions of the Verve business on January 22, 2020 and the acquisition of Platform 161 in Q3 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 first nine months 2020 pertains from the acquisition of Verve and Platform 161 described below.

	September 30, 2020	December 31, 2019
	kEUR	kEUR
Goodwill	154,729	147,339
Other Intangibles	106,786	85,868

Acquisition of Platform 161
Platform 161 is a leading demand-side platform (DSP) for programmatic advertising that automates the purchase of advertising space and advertising inventory. The company was acquired in July 2020 with their headquarter in Amsterdam, Netherlands. The company has also 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.

The cash purchase price of Platform 161 was 368 kEUR. At the time the consolidated financial statements were drawn up, a large number of MGI group's employees were involved in integrating them into the group and analysing and evaluating the assets and liabilities acquired.

Acquisition of 100% in ReachHero GmbH
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 remainig block of shares and subsequently will hold 100% of the shares which reduces the non-controlling interest to kEUR 866 within the MGI balance sheet.

NOTE 3 DISPOSALS

There were no material sales or disposals in first nine months 2020. In Q3'2020 MGI Group sold its 95% stake in Mediakraft TV, Poland for EUR 1,00 which was not material.

NOTE 4 LONG-TERM LIABILITIES

As of September 30, 2020, the long-term liabilities of MGI increased by 22,340 kEUR to 111,688 kEUR (December 31, 2019: 89,347 kEUR) 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.

MGI Bond issue
MGI Group has successfully increased its MGI 2019/2024 bond (ISIN DE000A2R4KF3), to a total volume of EUR 24.7 million.

Term-loan with UniCredit Bank
The fully owned subsidiary blockescence 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 repaid per 30 June 2020, so the current outstanding volume per 30 September 2020 is EUR 7.5 million.

NOTE 5 SHORT-TERM LIABILITIES

The short-term liabilities of MGI decreased by 933 kEUR on September 30, 2020 to kEUR 53,611 compared to kEUR 54,817 on December 31, 2019 effected by a debt equity swap from the AppLift acquisition which were paid with a promissory note swapped into equity in Q3 2020.

NOTE 6 SHAREHOLDERS' EQUITY

As of September 30, 2020, the total shareholders' equity decreased to 155,792 kEUR (December 31, 2019: 168,558 kEUR) due to the transfer of ownership interest in gamigo AG in Q1'2020. During Q3 2020 the subscribed capital of MGI has developed from 70,020 kEUR to 92,074 kEUR due to a debt equity swap for the gamigo Buyout (Q1 2020) which were paid partly in cash and partly with a promissory note and a debt equity swap for the AppLift Acquisition (2019) which were paid with a promissory note. Both promissory notes were swapped into equity during Q3 2020.

No dividends were paid in Q3 2020.

NOTE 7 SALES REVENUE

MGI achieved in Q3 2020 a sales revenue of 34,963 kEUR. The increase of 7,818 kEUR (Q3 2019: 27,145 kEUR) was due to a strong organic growth of the gaming and media segment as well as the acquisition of Platform 161 in Q3'2020.

NOTE 8 SERVICES PURCHASED & OTHER OPERATING EXPENSES

For Q3 2020, MGI disclosed services purchased and other operating expenses of 25,874 kEUR (Q2 2019: 18,906 kEUR). The increase of 6,968 kEUR represents is a result of the increased operations of the Group.

NOTE 9 PERSONNEL EXPENSES

The personnel expenses increased in Q3 2020 by 1,060 kEUR to 9,358 kEUR compared to Q3 2019. This increase is mainly due to the acquired employees of Verve and Platform 161

NOTE 10 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs amounted in Q3 2020 to 3,440 kEUR (Q3 2019: 3,043 kEUR). The increase is mainly due to additional PPA depreciation and amortization of the acquired companies and assets. In Q3 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 GmbH, 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.

Remco Westermann is a member of the Board of Directors of the Company since 31 May 2018 and is the Managing Director of Bodhivas GmbH, Garudasana GmbH, Bodhisattva GmbH, Sarasvati GmbH and Jarimovas GmbH, Düsseldorf, additionally Jaap Westermann holds 10% of Sarasvati GmbH and Jarimovas GmbH. Hendrika Westermann is the wife of Remco Westermann, Jaap Westermann is the brother of Remco Westermann, Henrika, Jaap and Remco Westermann are directors of Jarimovas GmbH, Dusseldorf. On May 9, 2018, the Company granted Bodhivas GmbH the option to acquire 20,000,000 shares of the Company for a purchase price of 1.20 EUR per share. The option was extended on April 15, 2020 but waived in its entirety by Bodhivas GmbH on September 28, 2020.

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.

NOTE 12 OTHER DISCLOSURES

There are no new significant litigations or claims in Q3 2020.

NOTE 13 SHAREHOLDERS[1]

Remco Westermann (Bodhivas GmbH)[2]	37.1%
Early Investors	15.0%
UBS	4.0%
Nordnet Pension	2.5%
Skandia Fonder	1.3%
Atlant Fonder	1.0%
Avanza Pension	0.9%
Knutsson Holdings AB	0.9%
Finlandia	0.7%
Dragfast AB	0.5%
Öhman Bank S.A.	0.5%
SEB AB Luxemburg Branch	0.3%
Taaleri	0.3%
Other Free Float (undisclosed)	35.0%
Total	100.00%

[1] Compiled and processed data from various sources, including Euroclear, as per 31.10.2020

[2] Bodhivas GmbH holds 52% of the voting rights of MGI, Jaap Westermann holds indirectly 10% in Bodhivas GmbH, Remco Westermann holds indirectly 90% in Bodhivas GmbH

DEFINITONS OF KEY PERFOMANCE INDICATORS

EBIT	Earnings before interest and taxes
EBIT margin	EBIT as a percentage of net revenues
Adjusted EBIT	EBIT excluding one-time costs and PPA depreciation
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 adj. EBITDA for the past 12 months excluding shareholder loans
Interest Coverage Ratio	Adj. EBITDA divided by net financial items of the quarter or year

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.

PRESENTATION

The company's CEO Remco Westermann and CFO Paul Echt will present the third quarter result online at 10 am CET on November 30, 2020. The presentation will be available on-demand via the company's IR-web.

Link to online presentation

https://tv.streamfabriken.com/2020-11-30-media-and-games-invest-q3

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INVESTOR CONTACT

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

Remco Westermann, CEO

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BOARD DECLARATION

In all conscience, we assure, as representative for the Board of Directors of the Company, that the interim consolidated financial statements for the period from 1 January to 30 September 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, November 30, 2020

Board of Directors

Media and Games Invest Group

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Malta

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