



**Media and Games
Invest Group**

INTERIM REPORT Q1 2021

MEDIA AND GAMES INVEST GROUP "MGI"



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96% REVENUE GROWTH WITH AN UNDERLYING 38% ORGANIC GROWTH

"We closed the beginning of the year with another record quarter on the books. Revenues increased YoY by 96% to 51.9 mEUR. This was achieved through a combination of 38% organic and 58% M&A driven growth. We furthermore increased the already high profitability by 127% to 13.5 mEUR adj. EBITDA. At the same time, we laid numerous cornerstones for future growth, announcing the strongest organic pipeline in MGI's history. This includes a.o. the upcoming game launches Heroes of Twilight and Skydome as well as the launch of Verve in Japan. The positive growth prospects are complemented by a strong recovery of the media market due to the foreseeable end of the pandemic. Combined with a strong balance sheet after the 40 mEUR Tap Issue we are ready for further organic and M&A driven growth." says Remco Westermann, CEO & Chairman of the Board of MGI Group.

HIGHLIGHTS Q1 2021

- **Net revenues** amounted to 51.9 mEUR (Q1'20: 26.5 mEUR), which is an increase of 96% based on a strong organic growth of 38% with additional 58% M&A driven growth.
- **Adjusted EBITDA** amounted to 13.5 mEUR (Q1'20: 5.9 mEUR), which is an increase of 127% based on the high revenues following organic growth supported by a strong EBITDA contribution from KingsIsle.
- **Adjusted EBIT** amounted to 9.3 mEUR (Q1'20: 3.4 mEUR), which is an increase of 173%.
- **Earnings per share (EPS)** undiluted/diluted amounted to EUR 0.02 cents (Q1'20: EUR 0.01 cents) and increased by 83%. EPS undiluted/diluted adjusted for PPA-amortization amounted to EUR 0.04 cents (Q1'20: EUR 0.02 cents) and increased by 94%.
- **Net interest-bearing debt** as of March 31, 2021 amounted to 97.6 mEUR (December 31, 2020: 61.6 mEUR).
- **The leverage ratio** amounted to 2.7 as per March 31, 2021 (2.1 as of December 31, 2020) and increased due to the cash out for the KingsIsle acquisition while its EBITDA just contributed to one quarter yet. Despite that, MGI ended up in the mid-range of its net leverage target ratio of 2 - 3x.
- **Cash and cash equivalents** amounted to 51.7 mEUR as of March 31, 2021 compared to 46.3 mEUR as of December 31, 2020.

SELECTED KEY PERFORMANCE INDICATORS, MGI GROUP

In mEUR	Q1 2021	Q1 2020	FY 2020
Net Revenues	51.9	26.5	140.2
YoY Growth in revenues	96%	99%	67%
EBITDA	12.1	5.3	26.5
EBITDA margins	23%	20%	19%
Adj. EBITDA	13.5	5.9	29.1
Adj. EBITDA margins	26%	22%	21%
Adj. EBIT	9.3	3.4	17.5
Adj. EBIT margins	18%	13%	12%
Net Result	2.3	0.1	2.7



SELECTED KEY PERFORMANCE INDICATORS, MGI SEGMENTS

MGI GAMES SEGMENT

In mEUR	Q1 2021	Q1 2020	FY 2020
Net Revenues	27.4	13.9	75.2
YoY Growth in revenues	97%	-	74%
EBITDA	9.5	4.5	21.4
EBITDA margins	35%	32%	29%
Adj. EBITDA	10.9	5.0	23.2
Adj. EBITDA margins	40%	36%	31%

MGI MEDIA SEGMENT

In mEUR	Q1 2021	Q1 2020	FY 2020
Net Revenues	24.5	12.6	65.0
YoY Growth in revenues	94%	-	59%
EBITDA	2.6	0.8	5.1
EBITDA margins	11%	6%	8%
Adj. EBITDA	2.6	0.9	6.0
Adj. EBITDA margins	11%	7%	9%



A WORD FROM REMCO WESTERMANN, CEO

Dear Shareholders,

"We closed Q1 2021 with another record quarter on the books. Revenues increased year-over-year by 96% to 51.9 mEUR. This was achieved through a combination of 38% organic and 58% M&A driven growth. We furthermore increased the already high profitability by 127% to 13.5 mEUR adj. EBITDA. The strong financials underscore our goal to stay on track with our successful "buy, integrate, build and improve"-strategy that has led to an average annual growth rate of 45% over the past 6 years. With the two acquisitions KingsIsle and LKQD we also started with a good M&A performance in 2021, KingsIsle being the single largest acquisition in the history of MGI.

The complementary product portfolios of MGI and KingsIsle constitute an excellent strategic fit and significantly increase MGI's addressable market, while also adding to overall organic growth potential. Furthermore, with the acquisition of LKQD, we significantly strengthened our Media segment. The LKQD digital video platform, which is being rebranded to Verve, our Media segment umbrella brand, reaches over 200 million unique monthly users across all platforms, with strong focus on the US, providing great synergies – both, within the Media segment but also regarding user acquisition capabilities for our Games segment.

Overall Q1 underpinned MGI's strong ability regarding sustainable organic growth: In the first quarter of 2021 our internal game development released more high-quality and successful content updates than any quarter before. Furthermore, the Games segment laid the foundation for further growth in 2021 and beyond, e.g. by announcing promising launches like the sublicensing of Trove for the South Korean market as well as the exclusive licensing of the mobile game Heroes of Twilight. Several other promising games projects are in the pipeline. Our Media segment, which is united under the Verve brand, grew very strongly in 2020 despite the Corona-related slump in the overall media market and was able to show further strong growth in the first quarter of 2021. By adding new advertiser and publisher partners as well as by profiting from revenue and cost synergies from integrating the media acquisitions and from synergies with the games part, Verve showed a very nice development in the for media seasonally soft quarter. In Q1 Verve prepared for projects that are expected to drive further organic growth throughout the rest of 2021 as well as beyond. As such, Verve announced the launch of its operations in Japan as well as other exciting new product launches, such as its own solution for the upcoming changes to identifiers on Apple mobile devices.

On the capital markets we also made good progress in Q1 2021. Our share price and market cap showed a very positive development. Since our listing in Sweden, we have been able to attract a strong investor base and make up part of the valuation gap we are having versus our peers. Also, the KingsIsle transaction and the announcement of our strong 2020 financials has had a positive impact on the share price. With a successful Tap Issue of the bond in the amount of 40mEUR, that was strongly oversubscribed, we were also able to show our strengths on the bond market.

Going forward, we see continuing positive business momentum. On the organic side we have a strong underlying sustainable revenue base growing this quarter organically by 38% as well as ample projects which will further drive our organic growth and, on the M&A side, we expect more transactions to happen in 2021 in line with a further growing pipeline of attractive M&A targets.

On the Games side we expect outstanding growth in 2021, based on several large updates and continuing improvements within our portfolio of games, increased user acquisition, cross-platform launches as well as internationalization combined with new game launches.

Furthermore, we also expect an especially strong year 2021 for our Media segment.

With the global economies showing signs of permanent recovery, we expect companies to ramp-up their marketing and ad budgets across industries once again. Hence, we expect the market for digital media to return to strong double-digit growth accordingly. Also, the strategic changes in the market, such as identifiers disappearing and Google, Facebook and Apple closing their walled gardens, will lead to substantial additional growth potential for our Media segment. This, in addition to the positive revenue and synergy effects from integrating the various media companies we acquired in the recent years, together with leveraging the strong synergies with the games assets should lead MGI's Media segment to substantial growth rates boosted by economic tailwinds.



With the strong growth expectations for the open internet, we are very interested in how valuations of especially media as well as integrated media/games companies will develop in the near future and how this will potentially impact our valuation. While the latest IPOs of media companies such as Viant and Pubmatic have already shown the high expectations of investors, it is even more interesting to look at the Applovin IPO as well as the Ironsource SPAC deal; both being integrated media/games companies. With our strong operative cash generation, our healthy financial position and our capability to raise funds via the capital markets, we are also well-positioned to take on further interesting M&A opportunities.

As such, we are -after this very good start into the year 2021- convinced that we can share a lot more positive news in the coming quarters.

Thanking all investors, partners and our team for their trust and cooperation."

Remco Westermann

CEO & Chairman of the Board of MGI Group



FINANCIAL PERFORMANCE

CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

THE FIRST QUARTER 2021

- **Net revenues** amounted to 51.9 mEUR (Q1'20: 26.5 mEUR), which is an increase of 96%. This is due to organic growth of 38% underscored by strong M&A growth of 58% following the acquisition of KingsIsle and LKQD in Q1 2021.
- **Adj. EBITDA** amounted to 13.5 mEUR (Q1'20: 5.9 mEUR), which is an increase of 127% in line with the KingsIsle acquisition and the organic scaling of the Group which improved EBITDA margins in both segments.
- **Adj. EBITDA margins** increased significantly year-over-year to 26% (Q1'20: 22%) and is a combination from the KingsIsle acquisition and improved margins based on organic revenue growth in both segments.
- **EBITDA adjustments** amounted to 1.4 mEUR (Q1'20: 0.6 mEUR), driven by M&A costs related to the acquisitions of KingsIsle.
- **EBITDA** amounted to 12.1 mEUR (Q1'20: 5.3 mEUR) which is an increase of 128%.
- **EBITDA margins** increased from 20% to 23%.
- **Adjusted EBIT** amounted to 9.3 mEUR (Q1'20: 3.4 mEUR), which is an increase of 173%. The adjusted EBIT margin improved significantly to 18% (Q1'20: 13%) based on less depreciation in relation to the revenues as well as overall improved margins.
- **EBIT** increased to 5.4 mEUR (Q1'20: 2.1 mEUR).
- **The net result** amounted to 2.3 mEUR (Q1'20: 0.1 mEUR), which is an increase of 3772% as a result of the increased profitability of the Group.

CASH FLOW AND FINANCIAL POSITION

- **Operating Cashflow** amounted to 11.3 mEUR in Q1'21 (Q1'20: 6.2 mEUR), which is an increase of 83% based on the strong improvement of profitability following the KingsIsle acquisition as well as the strong organic growth of both segments.
- **The equity ratio** was 37% as of March 31, 2021 (December 31, 2020: 46%). The change was primarily driven by the increased balance sheet following the KingsIsle and LKQD acquisition as well as the Tap Issue.
- **Cash and cash equivalents** amounted to 51.7 mEUR as of March 31, 2021 compared to 46.3 mEUR as of December 31, 2020. While the KingsIsle and LKQD M&A transactions reduced the cash position, the 40 mEUR Tap Issue and 25 mEUR capital increase with Oaktree led to an overall increase in cash during Q1 2021.
- **Net interest-bearing debt** as of March 31, 2021 amounted to 97.6 mEUR (December 31, 2020: 61.6 mEUR).
- **Interest coverage ratio** was 4.8 compared to 4.1 as of December 31, 2020 and therefore developed strongly as operating profitability increased in line with the company growth.
- **The leverage ratio** amounted to 2.7 as per March 31, 2021 (2.1 as of December 31, 2020) and increased due to the cash out for the KingsIsle acquisition however well remains within our target range of 2 - 3x. At the end of Q1 2021, this ratio includes only one quarter of KingsIsle's EBITDA, which will in the coming quarters automatically lead to deleverage.



INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

- **Capitalized own work** amounted to 5.1 mEUR in the first quarter of 2021 (Q1'20: 4.2 mEUR) and included investments in the optimization and further development of the IT platforms in the Games and Media segments, as well as sequels and updates to existing games such as Trove, Fiesta, Last Chaos and ArcheAge. As a percentage of net revenues, these investments amounted to 10% in Q1'21 compared to 16% in Q1'20 and therefore decreased in relation to net revenue as a result of strong organic growth which underscores that the investments lead to substantial cashflows.
- **Depreciation and amortization** amounted to 6.7 mEUR in the first quarter of 2021 (Q1'20: 3.2 mEUR) and increased mainly due to additional PPA depreciation from the latest acquisitions. Accordingly, the Group's intangible assets increased from 272.8 mEUR on December 31, 2020 to 437.6 mEUR on March 31, 2021. On March 31, 2021, the Group's liabilities increased to 348.1 mEUR compared to 209.0 mEUR on December 31, 2020 driven by the acquisition of KingsIsle, LKQD and the bond issues.

SEGMENT REPORTING, Q1 2021

GAMES SEGMENT

In mEUR	Q1 2021	Q1 2020	FY 2020
Net Revenues	27.4	13.9	75.2
YoY Growth in revenues	97%	-	74%
EBITDA	9.5	4.5	21.4
EBITDA margins	35%	32%	29%
Adj. EBITDA	10.9	5.0	23.2
Adj. EBITDA margins	40%	36%	31%

- **Net revenues** in the first quarter of 2021 amounted to 27.4 mEUR (Q1'20: 13.9 mEUR), which is a year-on-year increase of 97% driven by strong organic growth due to several large content updates combined with user acquisition and the the KingsIsle acquisition.
- **Adj. EBITDA** amounted to 10.9 mEUR (Q1'20: 5.0 mEUR) which is a year-on-year increase of 115% due to the high margin acquisition of KingsIsle and stable fixed costs on the existing Games business. The EBITDA adjustment amounted to 1.4 mEUR and was made for personnel, legal and advisory cost in relation to M&A.
- **Adj. EBITDA margin** increased year-on-year by 4 percentage points as a result of the above-mentioned events.
- **EBITDA** in the first quarter amounted to 9.5 mEUR (Q1'20: 4.5 mEUR), which is an increase of 111% compared to Q1'20.
- **EBITDA margin** increased accordingly to 35% (Q1'20: 32%).

EVENTS IN THE GAMES SEGMENT

In MGI's Games segment, the company offers more than 10 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 Trove, Aura Kingdom, Desert Operations, Grand Fantasia, Fiesta Online, and the newly acquired Pirate101 and Wizard101 (see KingsIsle Acquisition below) which have been established on the market for many years, with strong and loyal communities. MGI Group 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. In addition to maintaining its existing portfolio of games, gamigo continuously licenses games exclusively from recognized third-party developers and publishes them in its core markets North America and Europe. Below is an overview of some of our key events in the Games segment in the last quarter:

UPDATES & LAUNCHES

GAMIGO REVEALS NEW MOBILE TURN-BASED STRATEGY GAME HEROES OF TWILIGHT

In Q1 gamigo announced Heroes of Twilight. The award-winning universe of Zikverländ will come alive on iOS and Android devices, featuring a mix of genres that brings turn-based tactical combat into real-time PvP battles. Players will have access to a diverse roster of unique heroes and a wide array of powerful card-based spells. Heroes of Twilight brings a refreshing take to the popular arena battle genre. With the release of this title planned for summer of this year, gamigo is further branching out from its established PC and consoles business model to explore new ways to engage different audiences and ensure a high player retention through offering a diverse catalogue of games to choose.

MASSIVE 3.0 UPDATE UNLEASHED IN ECHO OF SOUL

gamigo released the massive 3.0 update for its epic fantasy MMORPG Echo of Soul. Many of the game's signature features and systems have received attention from the development team.



Players can look forward to tons of new content and updates to some of their favorite game activities. To begin with, Echo of Soul will now allow players to progress to level 99 with new equipment to hunt for. To further empower Echo of Soul players, gamigo has also added the God Stone enhancement system. By using God Stones, players can add bonus stats that can further be improved by enhancement materials.

RIFT CELEBRATES 10 AMAZING YEARS WITH A MONTH-LONG EVENT

Through a month-long 10th-anniversary event for the ground-breaking online RPG Rift, gamigo heavily engaged its players throughout the event. Players were able to unlock special items and fulfil themed quests. Rift is a MMORPG set in the dynamic fantasy universe of Telara, a realm where battles can begin anywhere at any time. The title offers a huge range of gameplay with continuous content and performance improvements to grow and retain its player base.

ARCHEAGE INTRODUCES THE GUNSLINGER SKILLSET AND A NEW DLC

With the Akasch Invasion update this March, players gained access to the Gunslinger skillset, a new area and much more. The new skillset combines potent ranged attacks with a variety of critical debuffs. Added to any of the existing skillsets, the Gunslinger skillset introduces a total of 66 new classes to explore, therefore granting players an incentive to pick up the new expansion. To increase engagement, gamigo executed various marketing campaigns to promote the pre-sale of the skillset DLC for their buy-2-play ArcheAge adaptation, ArcheAge: Unchained.

LAST CHAOS RELEASES ITS MAJOR FEBRUARY UPDATE

In its latest update, the fantasy MMO sported the highly anticipated increased level cap feature as well as brand new, challenging dungeons. The medieval fantasy world of Last Chaos has been part of the Group's portfolio for over a decade and continues to retain a highly loyal community thanks to regular updates and proven methods of engaging its community. Players can choose one of nine different character classes in this action-based MMORPG and discover a world filled to the brim with content.

ATLAS ROGUES RELEASES ITS JANUARY BALANCE UPDATE AND NEW FREELANCERS

The innovative tactical game, currently in Early Access, presented its first update of 2021, which included a plethora of fixes and gameplay improvements. gamigo's continuation of the Atlas saga is available on Steam and on gamigo's own platform Glyph. In the game, single-player and co-op multiplayer action meets turn-based PvE in a captivating futuristic setting. Players can immerse themselves in the rich lore of a diverse game world, unlock curious characters, and discover unique ways to beat the game in each session. In the update, several gameplay issues and imbalances were resolved and additional visual improvements as well as stabilization measures have been implemented. Relying on community feedback and best-practice models, gamigo continues to develop Atlas Rogues in order to advance to its next release stage this year.

TROVE SOUTH KOREA

In March, the successful launch of Trove South Korea in cooperation with gamigo's publishing partner Aprogen Games was announced. Trove, one of the top games of gamigo, has successfully completed the Closed Beta Phase and has been launched on the public servers in Korea. The popular voxel MMO game is published in Korea by Aprogen Games, through a sublicense. Trove is a good example to show the potential for further growth opportunities through internationalization into new markets and platform extensions. By sublicensing the game to local partner Aprogen Games, we expect to further increase the game's audience.

OTHER

Many of gamigo's diverse range of titles have received smaller and larger game updates in Q1. Following the release of a series of updates last year, players of Grand Fantasia received a new area to explore in its first update of 2021. The Voxel-MMO Trove introduced new dragons, new Delves content and much more to its console versions in February. Several other game launches and substantial content updates are in the pipeline starting in Q2 of 2021, with a strong focus on the release of several new IPs.



SIGNIFICANT OTHER EVENTS IN THE SEGMENT

ACQUISITION OF KINGSISLE

MGI acquired via gamigo the KingsIsle Entertainment Inc., a leading game developer and publisher, based in Austin, Texas, including the fully owned Massive-Multiplayer-Games Wizard101 and Pirate101. The parties have agreed to a fixed purchase price of USD 126 million on a cash-and-debt-free basis, plus up to USD 84 million that may be paid to the sellers as earn-out payments, depending on the 2021 revenues.

As part of the Transaction, MGI has resolved on a directed share issue of 11,676,241 new ordinary MGI shares at a price of EUR 2.14 and proceeds of EUR 25 million. The share issue was signed by funds advised by Oaktree Capital Management who now holds app. 9% of MGI's shares and pursues an investment horizon of 3-5 years. Based on the size of the deal, this transaction has a transforming character for MGI. The acquisition of KingsIsle constitutes an excellent strategic fit to the Group's existing portfolio and significantly increases MGI's addressable market, while also adding to overall organic growth potential.

WILD TANGENT – OPERATIONAL IMPROVEMENTS AND STRATEGIC ACTIONS

WildTangent is migrating away from its homegrown legacy site to BigCommerce Ecommerce platform that provides many improvements and new features compared to existing legacy capabilities. Benefits such as mobile friendly experience, purchase discounts and coupons, landing page builder, and the ability to add-on third party tools and new features often with no-to-little engineering effort. Furthermore, WildTangent optimized its contract terms with payment service providers which has helped to significantly reduce transaction costs. In addition to the cost saving, consumers will be offered additional payment options, in particular international payment options and digital wallets.

Strategically, WildTangent wants to drive internationalization: The majority of its casual games' audience comes from English speaking territories. However, other languages, such as Spanish, German, French and Italian rank high with its audience. Furthermore, WildTangent sees increased interest in its original Fate IP across its distribution channels and therefore plans to expand to additional 3rd party games channels to maximize distribution opportunities.

GAMIGO IS PARTNERING WITH CANADIAN DEVELOPER BKOM STUDIOS

gamigo and BKOM Studios are teaming up to bring a new turn-based mobile strategy experience to their players this year. The studio develops state-of-the-art games and interactive experiences for prestigious names in the Games and Entertainment Industry. More than 100 people work in their studios located in Quebec City, Canada, and Los Angeles, USA.

SUSTAINABILITY PLAYER INVOLVEMENT

Throughout December and January, gamigo invited players to support the reforestation of heavily cleared forests once again by cooperating with Eden Reforestation Projects. Its many gaming communities were able to purchase specially created in-game packages on the gamigo charity website. As a result, enough funds were raised to plant over 105,000 trees while also securing jobs for local workers.

MEDIA SEGMENT

In mEUR	Q1 2021	Q1 2020	FY 2020
Net Revenues	24.5	12.6	65.0
YoY Growth in revenues	94%	-	59%
EBITDA	2.6	0.8	5.1
EBITDA margins	11%	6%	8%
Adj. EBITDA	2.6	0.9	6.0
Adj. EBITDA margins	11%	7%	9%

- **Net revenues** amounted to 24.5 mEUR (Q1'20: 12.6 mEUR), which is a year-on-year increase of 94%, driven by strong organic growth from gaming advertising partnerships as well as by the acquisition of LKQD. According to company data the Media segment's open ad exchange is now within the top 20 programmatic marketplaces worldwide.
- **Adj. EBITDA** increased by 196% to 2.6 mEUR (Q1'20: 0.9mEUR), as a result of highly increased revenues with stable overhead costs.
- **Adj. EBITDA margins** improved from 7% to 11% year-on-year due to stable overhead costs with strong revenue growth resulting in materializing economy of scale.
- **EBITDA** amounted to 2.6 mEUR (Q1'20: 0.8 mEUR) which is an increase of 222%.
- **EBITDA margin** improved by 4 percentage points.

EVENTS IN THE MEDIA SEGMENT

Similar as in the Games segment, MGI executes a buy, integrate, build & improve strategy in the Media segment. Born from the need of the Games segment to further improve effectiveness and cost-efficiency with regard to user acquisition, the Media segment has, via multiple accretive acquisitions, become a substantial and fast-growing player in the media industry. By integrating the media acquisitions under the Verve brand, a strong ecosystem of advertising technology platforms that fuels growth for marketers and publishers has been build. Below is an overview of some of the key events in the Media segment in the last quarter.

ACQUISITION OF LKQD (DIGITAL VIDEO AD PLATFORM) FROM NEXSTAR INC.

MGI acquired Nexstar Inc.'s digital video advertising technology platform, formerly known as LKQD. The digital video platform reaches over 200 million unique monthly users in the US across desktop, mobile, in-app, and connected TV devices. It adds to MGI's Media segment with sophisticated video advertising capabilities as the segment continues to scale its business following other acquisitions in the last years, including AppLift, PubNative and Platform161. The digital video platform connects hundreds of premium publishers, such as Samsung, Newsy, and Viacom, with top advertisers and demand-side platforms globally, including The Trade Desk, Adobe, and Amobee. The acquisition broadens MGI's Media segments already robust portfolio of advertising services as it fills the main gap in a full-stack offering through its strong CTV platform. After the acquisition, the Media segment cannot only grow the revenue stream but utilize the synergies between the products and further enhance video and rewarded video growth across MGI's marketplaces. The video advertising format, which grew strongly this quarter, is a particularly used format, especially for games publishers.

LAUNCH OF JAPANESE & LATAM OPERATIONS

The Media segment launched operations in Japan by appointing Suguru Aida to the role of Head of Japan as part of its international growth strategy. MGI's Media segment has been rapidly growing since inception of its Verve Group last year. The launch in Japan signifies the Group's commitment to serve local advertisers, brands, and agencies, backed by an experienced team on the ground with a strong understanding of the advertising ecosystem in the country, with Japan being the third largest advertising market globally. Additionally, the Media segment opened new markets in Latin America for the Private Marketplace (PMP) business line to speed up global growth.



AD TECH THOUGHT LEADERSHIP

Following the previous quarters of a strong online presence within the advertising community, the Media segment could enhance its positioning even further. Activities included strengthening the thought leadership through one of the main and well-known advertising outlets, the AdExchanger, participating in IAB's (Interactive Advertising Bureau) webinars as well as sharing comments in The Wall Street Journal. Additionally, the segment continues to spread views on various current topics, especially on privacy and identity, through guest- and blog posts across the industry, as the segment simultaneously progressed in developing reliable solutions for these issues.

INNOVATION

Innovation continues to be a strong pillar in the segment as the industry moves at an accelerated pace and new products are needed to ensure future growth. This first quarter, the segment had the first successful tests with one of its innovative products, which provides a solution for the identifiers (IDFA) deprecation issue on iOS and offers advertisers a way to proceed in delivering personalized ads to users in an anonymous and privacy-compliant way. This is already a challenge for many publishers and game developers globally, and it will become even more essential in the next quarter. The product is now in the next phase of development, being tested in live environments together with partners. At the same time, the segment progressed considerably with another innovation initiative, successfully laying the foundations and test campaigns for an open garden SaaS solution that enables large advertisers as well as media agencies to run their own dedicated open market full-stack solution. In the next quarter, Verve will continue to advance its innovative products covering the advertising market's needs for privacy, platform offerings and a cloud-based monetization solution. The products will together solve many game-changing issues both for external partners as well as the games portfolio within MGI.

GROWTH OF MOBILE GAMING PARTNERSHIPS AND REVENUE

The Media segment can proudly present strong results for Q1 2021, that are significantly higher than in Q1 last year. The segment has successfully integrated acquired companies and utilized its product offering to expand on the demand, exchange as well as the supply side. Especially with regards to MGI's Games segment, the Media segment focused on establishing key partnerships with publishers globally, offering them a wide range of advertising products. Driven by the integration of market-places, intercompany synergies and a growing SDK footprint, the objective is to continue this strong growth for the next quarters to come.

CASE STUDY: MEDIA SEGMENT'S EXPOSURE TO THE GAMES MARKET

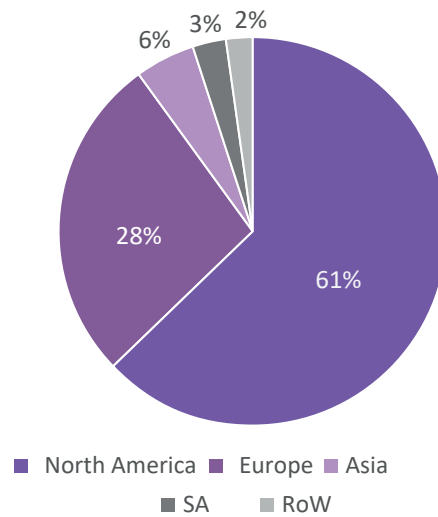
In Q1 2021 the Media segment continued to grow games publisher partnerships with new clients such as Fuero Games, which has a games portfolio consisting of popular games on both the Android as well as the iOS platform. For instance, one of their games is a casual mobile game and accounts for over 20 million downloads worldwide.

At the end of Q1, the Media segment can account for a 10% increase in the share of revenues coming from games, in comparison to the previous quarter. The increased popularity of mobile, as well as desktop games, across regions and age groups, benefited its publishers considerably. As the segment enters the second quarter of 2021 the focus on Games remains together with the objective to even further increase our footprint in this segment while we expect a strong tailwind post-pandemic from other verticals like travel in the coming periods.



KEY MARKETS AND LOCATIONS

MGI's main markets are North America and Europe, constituting ~90% of total group revenues in Q1 2021.





OUR VIEW ON THE GLOBAL GAMES AND DIGITAL MARKET

MGI is active in two very established and large markets, with strong growth forecasts of +9% CAGR (Games) and +12% CAGR (Digital Advertising) for the next 3-4 years

THE STRONG GROWTH IN GAMES REVENUES AND TIME SPENT WILL PERSIST ALSO IN THE POST-COVID-19 PERIOD

In the last quarterly update of the Global Games Market Report, the analysts at Newzoo increased their forecast for 2020 by USD 15.6 billion to USD 174.9 billion due to Covid-19. Newzoo has also confirmed its growth forecast for the coming years. In 2023, the market is expected to grow to over USD 217 billion, representing a CAGR (2018 - 2023) of over 9%. Besides the strong numbers regarding games growth, the growth in time spent gaming is furthermore noteworthy: According to Activate Consulting the increase in time spent gaming facilitated by the pandemic is (partially) here to stay in the long-term: while the time spent gaming across all platforms increased by 29% during the Covid-19 pandemic, 14 percentage points of this increase are expected to be sustained beyond the pandemic. This trend can also be observed as the daily time budget for media consumption is expected to further shift in favor of gaming: While the average internet and media consumption per adult seems to be almost saturated and hence, is expected to grow only slightly at a CAGR (2020-2024) of 0.2% to a total of 13:20 hours per day, gaming is expected to grow from today's 1:44 hours to a total of 1:59 hours in 2024 (CAGR 3.4%). This is expected to happen at the expense of other media such as video (CAGR -1.2%). The Covid-19 pandemic has been acting as a catalyst for this trend increasingly reaching highly diversified demographics as gaming allows for lively interaction and acts as an important social platform / community in times of otherwise heavily restricted social life. With a portfolio of over 10 top massively multiplayer online games where players create and bring to life their own social world and over 20 years of experience in supporting communities in these games, MGI is well equipped to capitalize on this trend.

Source: 1) Newzoo - Global Games Market Report 2020, 2) Global Games Market Report 2020 – November Update
3) Activate Consulting – Activate Technology & Media Outlook 2021

THE AD MARKET IS EXPECTED TO REBOUND IN 2021 DRIVEN BY THE STRONG GROWTH OF DIGITAL ADVERTISING TO SURPASS NON-DIGITAL FOR THE FIRST TIME IN 2021

In 2020, global ad spending took a hit when many companies drastically reduced their advertisement budgets due to the Covid-19 pandemic. As a result, global ad spent fell by 8.8% in 2020 according to dentsu. However, especially the offline sector took a hit while digital advertising spent was able to grow in the year of the pandemic (yet at a lower rate than originally expected). For 2021, dentsu expects the total ad market to rebound and the overall market to grow by 5.8%. Yet, there is another promising outlook as 2021 will be a remarkable year when it comes to advertisement: In 2021, the share of digital ad spend will exceed 50% for the first time, reflecting the digital acceleration seen during the pandemic as people stay home. According to Activate Consulting, this trend will further accelerate boosting digital's share to almost 66% by 2023. Digital advertisement has been and will continue to be a hot market. As a result, it is expected to drive half of the total growth of Internet and Media revenue until 2024, according to Activate Consulting. Due to its sole focus on digital advertising formats, MGI is well positioned to take advantage of the growth opportunities in the strong digital advertising market.

Source: 1) dentsu - Global Ad Spend Forecasts 2021 2) Activate Consulting – Activate Technology & Media Outlook 2021



DIGITAL ADVERTISING AND GAMES: INCREASING SYNERGIES AND INTERACTION OF THE TWO MGI SEGMENTS

For 2021 and the subsequent years the degree of interaction and synergy potential between the two MGI segments is expected to deepen further. One reason is the increase in media time: time spent with technology and media increased by 6.5% in 2020 year-over-year with gaming being one of the key profiteers, according to Activate Consulting. This increase in gaming screen time gives MGI the possibility to place more ads more effectively. Additionally, as stated before, gaming is becoming even more interactive: search, social, shopping, or live events all increasingly take place within games leaving ample room for relevant ads. Another major development for 2021 and 2022 are material changes in privacy regulations (specifically the elimination of third-party browser cookies). While this can pose a substantial threat on advertisers relying on third-party data, first-party data owners will have a substantial edge. MGI is well positioned for this change as MGI acquires high value first-party data via its Games segment. This data in turn substantially increases the value of advertising inventory and will even more do so once high quality third-party data is no longer accessible.



EVENTS AFTER THE 31 MARCH 2021

On 15 April 2021, the Adjourned Extraordinary General Meeting was held. In accordance with the proposal of the Board of Directors, the Adjourned EGM resolved in favor of the:

- election of the New Director Antonius Reiner Fromme from the date of the Meeting until the end of the Company's 2022 Annual General Meeting

In accordance with the proposal of the Board of Directors, the Adjourned EGM resolved in favor of the following extraordinary resolutions:

- to increase and re-classify the Company's authorized share capital, including the creation of a new class of shares (and consequent amendment to article 5 of the Memorandum of Association)
- to authorize the Board to issue shares and withdraw pre-emption rights (and consequent amendments to article 3 and article 4 of the Articles)
- to approve the conversion of the Company to a Societas Europaea and consequential amendments to the Articles

CONDENSED CONSOLIDATED STATEMENT OF INCOME, MGI GROUP
(unaudited)

EUR 000's	Note	Q1 2021	Q1 2020	FY 2020
Revenues				
Net revenues	7	51,930	26,545	140,220
Own work capitalized		5,082	4,192	15,994
Other operating income		1,113	1,161	6,272
Total Income		58,125	31,898	162,486
Operating Expenses				
Services purchased & other operating expenses	8	-32,299	-16,454	-96,365
Personnel expenses	9	-13,734	-10,131	-39,573
Total operating expenses		-46,033	-26,585	-135,937
EBITDA				
Depreciation, amortization and write-downs	10	-6,700	-3,214	-15,508
thereof PPA amortization		-2,574	-703	-3,875
EBIT		5,392	2,098	11,041
Financial result		-2,140	-1,624	-7,139
EBT		3,253	474	3,901
Income Taxes		-960	-415	-1,194
Net Result		2,292	59	2,707
of which attributable to non-controlling interest		1	-414	-352
of which attributable to shareholders of the parent company		2,291	473	3,059
Earnings per share				
Undiluted		0.02	0.01	0.04
Diluted		0.02	0.01	0.03
Undiluted (adjusted for PPA amortization)		0.04	0.02	
Diluted (adjusted for PPA amortization)		0.04	0.02	
Average number of shares				
Undiluted		125,506	73,312	85,498
Diluted		125,506	116,397	95,638

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

EUR 000's	Q1 2021	Q1 2020	FY 2020
Consolidated profit	2,292	59	2,707
<i>Items that will be reclassified subsequently to profit and loss under certain conditions:</i>			
Exchange differences on translating foreign operations	3,396	415	-3,739
Profit / Loss of hedging instruments		-241	-1
Other comprehensive income, net of income tax	3,396	174	-3,740
Total comprehensive income	5,689	233	-1,032
<i>Attributable to:</i>			
Owners of the Company	5,687	647	-752
Non-controlling interests	1	-414	-280

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

EUR 000's	Note	31 Mar 2021	31 Dec 2020
Intangible assets	2, 3	437,638	272,829
Property, plant and equipment		4,849	1,742
Financial assets and other assets		18,978	18,896
Long-term assets		461,465	293,466
Trade and other receivables		42,505	46,121
Cash and cash equivalents		51,650	46,254
Short-term assets		94,155	92,375
Total assets		555,620	385,842
Equity attributable to shareholders of the parent company	6	207,472	176,785
Non-controlling interest		62	60
Total Equity		207,534	176,845
Long-term liabilities	4	217,404	130,792
Short-term liabilities	5	130,681	78,204
Total liabilities and equity		555,620	385,842

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

	Common stock		Share Premium	Capital reserves	Retained earnings incl. Profit of the year	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
Balance at 1 January 2020	70,020	70,020	1,813	23,314	2,558	363	98,068	70,490	168,558
Consolidated profit					3,060		3,060	-352	2,707
Other comprehensive income						-3,574	-3,574	72	-3,502
Total comprehensive income					5,617	-3,211	97,553	70,210	167,763
Capital increases	47,054	47,054	6,026	29,091			82,170	-67,294	14,876
Addition of non-controlling interests due to acquisition of projects									
Changes in scope of consolidation				-2,939			-2,939	-2,856	-5,795
Balance at 31 December 2020	117,074	117,074	6,026	49,466	5,617	-3,211	176,785	60	176,845
Balance at 1 January 2021	117,074	117,074	6,026	49,466	5,617	-3,211	176,785	60	176,845
Consolidated profit					2,291		2,291	2	2,293
Other comprehensive income						3,397	3,397		3,397
Total comprehensive income					7,908	186	182,473	62	182,535
Capital increases	11,676	11,676	13,324				25,000		25,000
Changes in scope of consolidation									
Balance at 31 March 2021	128,750	128,750	19,350	49,466	7,908	186	207,473	62	207,535

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MGI GROUP (unaudited)

EUR 000's	Note	Q1 2021	Q1 2020	FY 2020
Cash flow from operating activities		11,263	6,155	25,203
Cash flow from investing activities		-71,001	-14,084	-37,707
Cash flow from financing activities		65,134	-12,105	25,774
Cash flow for the period		5,396	-20,034	13,270
Cash and cash equivalents at beginning of period		46,254	32,985	32,985
Cash and cash equivalents at end of period		51,650	12,950	46,254

SELECTED EXPLANATORY NOTES (UNAUDITED)

NOTE 1 BASIS OF PREPERATION

The financial information presented in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and as set out in the Group's annual financial statements in respect of the year ended 31 December 2020 except as noted below. The financial information does not include all the information and disclosures required in the annual financial statements.

The consolidation scope of the unaudited condensed consolidated financial statements as of March 31, 2021 changed compared to the reviewed consolidated financial statements as of December 31, 2020, for the following transactions and entities:

- Q1 2021: Foundation of KingsIsle Holding Inc. and the subsequent acquisition of the KingsIsle Entertainment Inc.
- Q1 2021: Consolidation of the in 2020 founded VGI CTV Inc. and the subsequent acquisition of material all assets of Nexstar Inc.'s digital video advertising technology platform, formerly known as LKQD.

NOTE 2 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

The change in Goodwill is mainly related to the acquisition of LKQD and KingsIsle in Q1 2021. Other Intangible Assets includes acquired intangible assets from business combination, self-developed intangible assets, IPs, licenses and advanced payments on licenses due to acquisitions and the in-house development of the games and AdTech platforms.

	March 31, 2021	December 31, 2020
	kEUR	kEUR
Goodwill	287,008	164,015
Other Intangible	126,656	84,325

ACQUISITION OF LKQD (DIGITAL VIDEO AD PLATFORM FROM NEXSTAR INC.)

MGI acquired substantially all assets of Nexstar Inc.'s digital video advertising technology platform, formerly known as LKQD. The digital video platform reaches over 200 million unique monthly users in the US across desktop, mobile, in-app, and connected TV devices. It adds to MGI's Media segment with sophisticated video advertising capabilities as the segment continues to scale its business following other acquisitions in the last years, including AppLift, PubNative and Platform161. The digital video platform connects hundreds of premium publishers, such as Samsung, Newsy, and Viacom, with top advertisers and demand-side platforms globally, including The Trade Desk, Adobe, and Amobee. The acquisition broadens MGI's Media segments already robust portfolio of advertising services as it fills the main gap in a full-stack offering through its strong CTV platform. After the acquisition, the Media segment cannot only grow the revenue stream but utilize the synergies between the products and further enhance video and rewarded video growth across MGI's marketplaces. The video advertising format, which strongly grew this quarter, is a particularly used format, especially for games publishers.

Acquisition of KingsIsle Entertainment Inc.

Media and Games Invest acquired the award-winning US game developer KingsIsle Entertainment Inc. to enable the transaction a EUR 25 million capital increase was committed by Oaktree Capital, now holding about 9% of the MGI shares.

The fixed purchase price was USD 126 million plus up to USD 84 million in earn-outs which represents an EV/EBITDA multiple of 6.0x for the fixed component.

The KingsIsle transaction was a further step of MGI's buy-and-build strategy which is now also gearing towards larger and EBITDA-positive targets.

NOTE 3 DISPOSALS

There were no material sales or disposals in the first quarter of 2021.

NOTE 4 LONG-TERM LIABILITIES

As of March 31, 2021, the long-term liabilities of MGI increased by kEUR 86,612 to kEUR 217,404 (December 31, 2020: kEUR 130,792) largely based on the MGI new bond issues (Tap Issue) as of March 23, 2021 as well as on the highly conditional earn-out payments for the KingsIsle acquisition. The issued bond as of March has an interest rate of 5.75% (ISIN SE0015194527) compared to former gamigo Bond with an interest rate of 7.75%. 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 (40 mEUR Tap Issue)

MGI Group has successfully placed a subsequent bond issue (ISIN SE0015194527) of 40 mEUR of its senior secured floating rate callable bonds listed on Nasdaq Stockholm. Based on strong demand from credit investors, the decision was taken to proceed with an increase of MGI's existing 2020/2024 bond. The total outstanding volume of the Bonds is now 120 mEUR and the maturity date is 27 November 2024.

NOTE 5 SHORT-TERM LIABILITIES

The short-term liabilities of MGI increased by kEUR 52,477 on March 31, 2021 to kEUR 130,681 compared to kEUR 78,204 on December 31, 2020 mainly effected by the deferred purchase price payments for the acquisition of KingsIsle as well as an increased amount of trade payables which came also with a higher amount of trade receivables as the operations of the Group have increased.

NOTE 6 SHAREHOLDERS' EQUITY

As of March 31, 2021, the total shareholders' equity increased to kEUR 207,535 (December 31, 2020: kEUR 176,845) following a directed share issue of 11,676,241 new ordinary MGI shares to funds advised by Oaktree Capital Management. Therefore, the subscribed capital of MGI has developed from kEUR 117,074 to kEUR 128,750 in Q1 2020.

To be able to hire top key employees as well as retaining employees the board has decided to launch a new ESOP program and to allow for the issuance of up to 15 million new MGI shares, earliest from May 2024 and latest till December 2030 via an option at a minimum strike price of Euro 2.60 per share.

No dividends were paid in Q1 2021.

NOTE 7 NET REVENUES

In Q1 2021, MGI achieved net revenues of kEUR 51,930. The increase of kEUR 25,385 (Q1 2020: kEUR 26,545) was due to a strong organic growth of 38% together with 58% of growth stemming from M&A following the acquisitions of KingsIsle and LKQD in Q1 2021.

NOTE 8 SERVICES PURCHASED & OTHER OPERATING EXPENSES

For Q1 2021, MGI disclosed services purchased and other operating expenses of kEUR 32,299 (Q1 2020: kEUR 16,454). The increase of kEUR 15,845 is a result of the increased operations of the Group due to strong organic and M&A driven revenue growth.

NOTE 9 PERSONNEL EXPENSES

In Q1 2021, The personnel expenses increased by kEUR 3,603 to kEUR 13,734 compared to Q1 2020. This increase is mainly due to the acquired employees within the last 9-Month period of LKQD, KingsIsle, Platform 161 and freenet digital.

NOTE 10 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs amounted in Q1 2021 to kEUR 6,700 (Q1 2020: kEUR 3,214). The increase is mainly due to additional PPA depreciation and amortization of the acquired companies and assets. In Q1 2021, no impairment charges were made on goodwill.

NOTE 11 RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated during 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 33.22% of the Company and 45,73% 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, Sarasvati GmbH, Garusadana GmbH, Bodhisattva 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, Hendrika, Jaap and Remco Westermann are directors of Jarimovas GmbH, Düsseldorf. In the unaudited consolidated balance sheet as of March 31, 2021, the Group has reported various current liabilities to Bodhivas GmbH, Düsseldorf, with a total value of kEUR 0 (March 2020: kEUR 2,162) under financial liabilities.

Jaap Westermann is the brother of Remco Westermann and 100% shareholder and director of Rheingold Immobilien GmbH, Düsseldorf.

Tobias M. Weitzel is a member of the Board of Directors of the Company since 31 May 2018. He holds 500,000 phantom stock in the company. Tobias M. Weitzel holds 489,728 shares in the company, of which 333,000 shares are under a lock-up until March 2022.

Elizabeth Para is a member of the Board of Directors of the Company since 31 January 2020. She holds 500,000 phantom stock in the company. Elizabeth Para holds 808,088 shares in the company of which 344,088 shares are under a lock-up until March 2022.

NOTE 12 OTHER DISCLOSURES

There are no new significant litigations or claims in Q1 2021.

NOTE 13 SHAREHOLDERS^{1,2}

Bodhivas GmbH (Remco Westermann)	33.2%
Oaktree Capital	9.1%
Avanza Pension	1.6%
Nordnet Pension	1.3%
UBS	1.2%
Skandia Fonder	1.0%
Dragfast AB	0.8%
Elizabeth Para	0.6%
Finlandia	0.6%
Knutsson Holdings AB	0.5%
Stena	0.4%
Tobias M. Weitzel	0.4%
Atlant Fonder	0.3%
Taaleri	0.2%
SEB AB	0.2%
BayernInvest München KAG	0.2%
Swedbank AB	0.1%
Sveriges Aktiesparares Riksförbund	0.1%
Nordea AB	0.1%

Note (1) Compiled and processed data from various sources, including Euroclear, as per 31.03.2021. (2) Number of shares as of 31.03.2021 amounts to 128,749,748 shares.

DEFINITIONS OF KEY PERFORMANCE 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 and related party loans
Interest Coverage Ratio	Adj. 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.

AUDITOR REVIEW

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

INVESTOR CONTACT

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

Remco Westermann, CEO

Email: info@mgi-se.com or soeren.barz@mgi-se.com

BOARD DECLARATION

In all conscience, we assure, as representative for the Board of Directors of the Company, that the unaudited condensed consolidated financial statements for March 31, 2021 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, April 26, 2021

Board of Directors



Media and Games Invest Group

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