CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 December 2020

Content of Consolidated Financial Statements

Full Year 2020

Q1’20

- Elizabeth Para became a member of the Board of Directors of MGI
- Acquisition of essentially all assets of Verve Wireless Inc., a leading North American platform for programmatic mobile advertising
- Successful increase of the stake in gamigo AG to 99%

Q2’20

- Extensive expansions and updates in the games segment, such as Garden of Gods (ArcheAge) and Delves (TROVE) lead to an increase of new players of up to 75% and player activity of up to 31%, and thus to strong organic growth
- Building and integrating the media brand “Verve” within the media segment for a stronger position in the digital advertising market

Q3’20

- MGI moves up to the Scale segment of the Frankfurt Stock Exchange, which entails increased transparency obligations and at the same time opens up additional investor groups for MGI
- With the acquisition of Platform 161, MGI further strengthens its media segment with focus on programmatic advertising
- Acquisition of the remaining minority stake of ReachHero

Q4’20

- Successful listing of MGI on NASDAQ First North Premier in Stockholm, Sweden, in connection with a capital increase of SEK 300 million
- Placement of EUR 80 million of senior secured bonds (Coupon; 3-months-EURIBOR plus 5.75%) and repayment of the existing EUR 50 million gamigo AG bond results in interest savings of 2.00 percentage points
- Acquisition of freenet digital GmbH empowering MGI’s position in mobile games

EVENTS AFTER YEAR-END

- Successful acquisition of KingsIsle Entertainment Inc, a leading game developer from Texas (USA) and of LKQD, a US-based video advertising platform in Q1 2021.
- Extraordinary general meeting decides to convert MGI into an SE, to implement new share classes (A & B shares) and to appoint Antonius Fromme as new member of the Board of Directors.

DIRECTORS' REPORT

1. General information and principal activity

Media and Games Invest plc, ("MGI" or "the Company"), Malta, is a public limited liability company incorporated on 21 March 2011 in Malta. The Company is the parent company of the entities disclosed in Note 2.5.2 to these consolidated financial statements (to be referred collectively as "the MGI Group" or "the Group"). As of 31 December 2020, Bodhivas GmbH, Düsseldorf, owns 37% of the Group.

The Company's shares are dual listed in the Scale segment of Frankfurt Stock Exchange in Germany and on the NASDAQ First North Premier Growth Market in Stockholm, Sweden. The up-listing from open market to Scale segment happened in July 2020 on the Frankfurt Stock Exchange while the first day of trading was October 6, 2020 on the NASDAQ First North Premier in Stockholm. In November 2020, MGI issued a senior secured bond listed on NASDAQ Stockholm. The additional bond of EUR 80 million replaces the gamigo AG bond which was listed in the open market segment of Frankfurt Stock Exchange and in the regulated segment of the NASDAQ Stockholm, Sweden, with interest savings of 2.00 percent.

The Company is registered with the Malta Business Registry with registration number C 52332 and registered office at 168 St. Christopher Street, Valletta, VLT1467, Malta.

The Company is focusing on a 'buy-integrate-build-and-improve' strategy, creating a digital integrated games and media group. Next to strong organic growth, the MGI Group has successfully acquired more than 30 companies and assets in the past 6 years. The acquired assets and companies are integrated and amongst others cloud technology is leveraged to achieve efficiency gains and competitive advantages.

Furthermore, the Company acquires, holds, and sells other investments (e.g. shares, stocks, bonds, securities and other assets of companies as well as investments in funds and assets) that support the above stated business purpose and as deemed appropriate by the Board of Directors.

2. Performance review, result and dividends

During the year, net revenues amounted to EUR 140.2 million (2019: EUR 83.9 million), which is an increase of 67% compared to 2019. The group outperformed its targets and planning with organic growth in the Games and Media segments. Additionally, several acquisitions increased the overall performance.

The adjusted EBITDA amounted to EUR 29.1 million (2019: EUR 18.1 million), which is an increase of 61%. The strong development of EBITDA was due to organic growth in the games and media segments, the successful realization of synergy effects during the course of the integration of the acquired assets of Verve and Platform 161. Additionally, the Q4 2020 acquisition in the games segment of freenet digital will increase the mobile games revenues. The adjusted EBITDA-margin for the games segment was stable at 31% and in the media segment the margin was stable at 9% in 2020 in comparison to the previous year. Overall, the adjusted EBITDA-margin of MGI Group remained strong at 21%.

We were again able to increase our organic growth in 2020. This was achieved by larger content updates and DLCs; more efficient customer acquisition for games like ArcheAge, Fiesta Online and Trove, as well as regular events in the games in connection with an optimized game/user support system, due to which we were able to reduce the number and processing time of open tickets considerably.

Furthermore, within the games segment we acquired freenet digital in Q4 2020, which includes a portfolio of mobile games. This acquisition increased the groups stake in mobile games.

The result for the period from 1 January to 31 December 2020 is shown in the consolidated statement of comprehensive income. No dividends are recommended during the reporting period.

3. Post balance sheet events and likely future business developments

After 31 December 2020 the following events occurred:

LKQD ACQUISITION

On 4 January 2021, MGI Group acquired Nexstar Inc.'s digital video advertising technology platform, 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 and provides the media segment with sophisticated video advertising capabilities as MGI continues to scale its business following other acquisitions last year, including AppLift, PubNative and Platform 161.

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 Verve Group's already robust portfolio of advertising services, while also giving it unique access to CTV and OTT inventory – an area of rapid growth within the digital advertising ecosystem. After the acquisition, the media segment is not only able to grow the revenue stream but utilize the synergies between the products and further enhance the video and rewarded video growth across MGI's marketplaces. The video advertising format is a particularly used format, especially for games publishers.

ISSUING OF 15 MILLION SHARE OPTIONS AS PART OF THE ESOP PROGRAM

On 11 January 2021, the MGI board decided to launch an 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 strike price of EUR 2.60 per share.

The objective of the share-based incentive program is to motivate, retain and be able to hire key personnel. The group of persons targeted by the program are C-level and key management of MGI and MGI subsidiaries. Participants will be decided by the MGI board based on proposals of the management. The overall time period for the program is until 2030, with exercise of the options earliest from 2024.

Minimum vesting period is 4 years for the employees, however blocks of shares can earliest be sold 2 years after they have vested. The minimum strike price is EUR 2.60 per MGI share, however the strike price being at least 20% over the last 5 days average MGI share closing price of NASDAQ Sweden at the moment of issue of the program to an employee. The options will be issued to Bodhivas GmbH, the investment vehicle of the Chairman of the Board and CEO Remco Westermann with the sole purpose of executing and serving the obligations of this ESOP program towards the MGI personnel.

Other conditions of the ESOP will include a.o. certain exercise and sale windows, as well as good and bad leaver conditions. Instead of paying in cash, paying the share option profit in shares is also possible.

KINGSISLE ACQUISITION

On 29 January 2021, MGI Group acquired KingsIsle Entertainment Inc. ("KingsIsle"), a leading game developer and publisher, based in Austin, Texas. The acquisition includes 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 had a transforming character for MGI, with 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 increases MGI’s addressable market, while also adding to overall organic growth potential.

COMPLETED EUR 40 MILLION TAP ISSUE

On 24 March 2021, MGI Group successfully placed a EUR 40 million Tap Issue of its listed bond SE0015194527. The Tap Issue was very well received and heavily over-subscribed generating strong interest from Swedish as well as European investors. The Tap Issue was priced above par, at 100.75%. After the Tap Issue, MGI has reached the full framework (EUR 120 million) agreed for this bond. The additional bonds will be listed under the same ISIN on NASDAQ Stockholm and Frankfurt Stock Exchange Open Market.

Following the Tap Issue, MGI applied for listing of the Subsequent Bonds on the Corporate Bond List on NASDAQ Stockholm (regulated market) and has in connection thereof prepared a prospectus which has been approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA") and published by the Company. The first day of trading was on 21 April 2021.

With a strong line-up of potential M&A cases, MGI decided to build a war chest by conducting the Tap Issue. After a good start into the year with strong organic activity and the acquisitions of LKQD and KingsIsle, the management expects to close further M&A transactions in its core business fields, games and media.

Apart from the above-mentioned acquisitions, there were no events or developments that would have resulted in a fundamental change in the recognition or valuation of the individual assets and debt positions as of 31 December 2020.

EXTRAORDINARY GENERAL MEETING

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
- 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 preemption 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

4. Directors

The directors who served during the period under review until the approval of the financial statements were as follows:

- Remco Westermann (appointed on 31 May 2018)
- Tobias M. Weitzel (appointed on 31 May 2018)
- Elizabeth Para (appointed on 31 January 2020)

Rene Müller resigned as director on 25 February 2020. On 15 April 2021, Antonius Fromme is newly appointed as director.

5. Financial risk management

The Group is exposed to a variety of financial risks such as:

- credit risks,
- liquidity risks,
- market risks,
- currency risks,
- translation risks, and
- Interest risks.

The Group's risk management is disclosed in Note 19 to the financial statements.

6. Corporate development

About the company

The principal purpose of the Group is investing in and further pursuing activities in Online Games and Media Industry, directly and indirectly participating in companies specializing in games (especially publishing online games for PC and console and mobile) and in media services (especially offering SaaS solutions in the area of Programmatic Advertising).

The Company currently plans to acquire and hold, buy and/or sell shares, stocks, bonds or securities or other assets of/or in any other company, and to invest these funds, which support the above-mentioned purpose and as deemed appropriate by the Board of Directors.

MGI is a digitally integrated games and media company with main operational presence in Europe and North America. The company combines organic growth with value-generating synergetic acquisitions, demonstrating continuous strong, profitable growth in the past years. Next to strong organic growth, the MGI Group has successfully acquired more than 30 companies and assets in the past 6 years.

The acquired assets and companies are integrated and amongst others cloud technology is actively used to achieve efficiency gains and competitive advantages.

Recent developments

Since the beginning of 2020, the whole world has been hit by the ‘black swan’ Covid-19, which has also affected MGI. The overall effect for MGI however has been a positive one, which is different than for most other companies. For the games segment, Covid-19 was a true boost making 2020 an outstanding year. With a big part of the European and North-American population being at home due to the lockdowns, the games segment experienced increases in player activity, increases in numbers of new players, and revenue increases. Furthermore, the pandemic has acted as a catalyst for the trend of increasingly diversified demographics. More women as well as gamers aged 45+ are entering the gaming world. Games have furthermore acted as an important social platform / community in an otherwise

heavily restricted social life. As a result, people have spent more time gaming, shifting significant shares of their daily time budget for media consumption in favor of gaming.

On the media side MGI realized significant synergies in forming the Verve Group out of several media acquisitions performed since 2016. Since 2020, the media firms form the Verve Group in order to create a cleaner go-to-market approach for MGI's Ad-Tech division under this common roof. The Verve Group brand now serves as a "mother ship" to dock new and additional acquisitions. In total, the Verve Group has approximately 350 employees and over 20 offices worldwide (a.o. Berlin, San Francisco, New York, Beijing, Buenos Aires). In the second half of 2020 the media segment extended its offering through the acquisition of the DSP platform P161 that expands the segment's demand offering into desktop and web. Furthermore, with the acquisition of Appmonet's tech stack, the segment further strengthened its supply footprint and SaaS offering.

In the past year, the degree of interaction and synergy potential between the two MGI segments has deepened further. One reason is the increase in media time spent: time spent with technology and media increased by 6.5% in 2020 year over year with gaming being one of the key profiteers. This significant increase in gaming screen time gives MGI the possibility to place more ads more effectively. Additionally, gaming is becoming even more interactive: search, social, shopping, or live events all increasingly take place within games leaving ample room for relevant ads. While the pandemic induced a long-term boost on the games revenues, the tailwinds for the media side in the post-covid era are still to come with increased budgets from currently paused verticals like traveling which offer substantial tailwind for the media revenues in 2021 and beyond.

Outlook

In the media ad-tech space, important developments will take place throughout 2021 and 2022. Those developments bring material changes to privacy regulations (the keywords being the elimination of third-party browser cookies and identifiers).

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 gaming 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. Additionally, the return to pre-pandemic advertising budgets in industries that were hit hard during the pandemic (e.g., travel) provides MGI with a substantial revenue and EBITDA upside for 2021 and beyond. Thus, MGI is ideally positioned to take advantage of the growth opportunity emerging right now due to the renewed increase in advertising budgets and the rising demand for advertising services. These combined trends inside MGI (e.g., the strategic buy and build evolution of verve) as well as outside MGI (e.g., the trends induced by the pandemic, the elimination of third-party cookies) enable the group to move towards the group's strategic "end game": building the leading Ad & Mar-Tech infrastructure company for the games industry.

7. Statement of directors' responsibilities

The Companies Act (Cap. 386), enacted in Malta, requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the Group at the end of the financial period and of the profit or loss for that period.

In preparing the consolidated financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and

- prepare the financial statements in accordance with generally accepted accounting principles as defined in the Companies Act (Cap. 386) and in accordance with the provision of the same Act.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing, and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. The risk management is subject to regular reviews to meet changes in market conditions and new activities within the group. The directors are also responsible for safeguarding the assets of the Group and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

8. Auditor

RSM Malta is the auditor of the financial statements of the Group for the period from 1 January to 31 December 2020. A resolution to reappoint RSM Malta as auditor of the Group for the consecutive financial year will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors on 28 April 2021 and signed on its behalf by:

Remco Westermann
Director

Tobias M. Weitzel
Director

Elizabeth Para
Director

Antonius Fromme
Director

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

ASSETS in kEUR	Notes	2020	2019
Non-current assets			
Intangible assets	6	272,829	233,208
Goodwill		164,015	147,339
Internally-generated intangible assets		23,371	12,192
Other intangible assets		84,325	72,669
Prepayments made on other intangible assets		1,118	1,008
Property, plant and equipment	7	1,742	3,521
Investments in associated companies	9	1,094	6,410
Other non-current financial assets	10	2,065	2,239
Deferred tax assets	8	15,736	11,215
Total non-current assets		**293,466**	**256,593**
Current assets			
Trade receivables	12	37,009	17,047
Other receivables		9,113	5,825
Current receivables from income tax		132	156
Other current financial assets	10	3,823	427
Other current non-financial assets	13	5,158	5,242
Cash and cash equivalents	14	46,254	32,984
Total current assets		**92,376**	**55,856**
Total shareholders' assets		**385,842**	**312,449**

EQUITY & LIABILITIES in kEUR	Notes	2020	2019
Shareholders' equity	16		
Common stock		117,074	70,020
Share premium		7,839	1,813
Capital reserves		49,466	23,314
Difference from currency translation		-3,211	600
Gains/losses from hedging instruments		0	-237
Accumulated retained earnings		5,617	2,558
Equity attributable to shareholders of the parent company		**176,785**	**98,068**
Non-controlling interest		60	70,490
Total shareholders‘ equity		**176,845**	**168,558**
Non-current liabilities			
Bonds	17, 20	95,355	63,988
Liabilities to related parties	17	2,500	4,563
Other non-current financial liabilities	17	9,171	3,806
Deferred tax liabilities	22	23,766	16,990
Total non-current liabilities		**130,792**	**89,347**
Current liabilities			
Current provisions	23	17,257	12,585
Trade payables	24	30,037	20,274
Other current financial liabilities	17	18,987	6,772
Other non-financial liabilities	18	11,924	14,913
Total current liabilities		**78,205**	**54,544**
Total shareholders' equity and liabilities		**385,842**	**312,449**

These financial statements as set out on pages 14 to 95 was approved by the Board of Directors, authorised for issue on 28 April 2021 and signed on its behalf by:

Remco Westermann	Tobias Weitzel	Elizabeth Para	Antonius Fromme
Director	Director	Director	Director

Consolidated Statement of Profit or Loss FY 2020

in kEUR	Notes	2020	2019
Revenue	27	**140,220**	**83,893**
Own work capitalised	28	15,994	10,187
Other operating income	29	6,272	4,636
Purchased services	30	-77,620	-45,803
Employee benefits expenses	31	-39,572	-27,359
Wages and salaries		-34,004	-22,928
Social security		-5,568	-4,431
Other operating expenses	32	-18,745	-10,012
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**26,549**	**15,542**
Depreciation and amortisation	33	-15,508	-10,543
Earnings before interest and taxes (EBIT)		**11,041**	**4,999**
Financial expense	34	-7,490	-5,841
Financial income	34	350	83
Earnings before taxes (EBT)		**3,901**	**-759**
Income taxes	35	-1,194	2,012
Result from continuing operations, net of income tax		**2,707**	**1,253**
Attributable to:			
Owners of the Company		3,059	-324
Non-controlling interest		-352	1,577
Earnings per share	36		
Undiluted		0.04	-0.01
Diluted		0.03	-0.01

Consolidated Statement of Comprehensive Income FY 2020

in kEUR	Notes	2020	2019
Consolidated profit		**2,707**	**1,253**
Items that will be reclassified subsequently to profit or loss under certain conditions:			
Exchange differences on translating foreign operations		-3,739	457
Gains/losses of hedging instruments		237	-237
Other comprehensive loss/income, net of income tax		**-3,502**	**220**
Total comprehensive loss/income		**-795**	**1,473**
Attributable to:			
Owners of the Company		**-515**	**-104**
Non-controlling interest		**-280**	**1,577**

Consolidated statement of changes in equity

	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 interest	Total shareholders' equity
	Shares	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	thousands	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Balance at 1 January 2019	59,850	**59,850**		**4,346**	**2,881**	**143**	**67,220**	**91,320**	**158,540**
Consolidated profit					-324		-324	1,577	1,253
Other comprehensive income						220	220		220
Total comprehensive income					**2,558**	**363**	**67,116**	**92,897**	**160,014**
Capital increases	10,170	10,170	1,813	1,071			13,054		13,054
Addition of non-controlling interests due to acquisition of projects								2,304	2,304
Changes in scope of consolidation				17,898			17,898	-24,711	-6,813
Balance at 31 December 2019	**70,020**	**70,020**	**1,813**	**23,314**	**2,558**	**363**	**98,068**	**70,490**	**168,558**
Balance at 1 January 2020	70,020	**70,020**	**1,813**	**23,314**	**2,558**	**363**	**98,068**	**70,490**	**168,558**
Consolidated profit					3,059		3,059	-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
Changes in scope of consolidation				-2,939			-2,939	-2,856	-5,795
Balance at 31 December 2020	**117,074**	**117,074**	**7,839**	**49,466**	**5,617**	**-3,211**	**176,785**	**60**	**176,845**

Consolidated Statement of Cash Flows FY 2020

in kEUR	2020	2019
Consolidated profit/loss for the year (including Share of profit of non-controlling interest)	2,707	1,253
+ Depreciation, amortisation and write-downs of intangible assets and tangible assets	15,508	10,543
+/- Increase/Decrease in provisions	0	673
-/+ Other non-cash income/expenses	4,072	-5,752
+/- Booked income taxes	1,194	-822
+/- Booked financial expenses	7,140	0
-/+ Income taxes paid/received	-1,082	0
-/+ Interest paid/received	207	5,612
-/+ Increase/Decrease in trade receivables and other assets that cannot be attributed to investment or financing activities	-4,334	764
+/- Increase/Decrease in trade payables and other liabilities that cannot be attributed to investment or financing activities	-209	3,928
Cash flow from operating activities	**25,203**	**16,199**
- Payments made for investments in intangible assets	-17,380	-12,606
+/- Deposits/Payments made for investments in tangible assets	-1,718	-5
+/- Deposits/Payments for other assets	0	-3,290
+ Deposits for the acquisition of business units	4,321	9,045
- Payments made for the acquisition of business units	-22,930	-6,214
Cash flow from investment activity	**-37,707**	**-13,070**
+ Proceeds from issuing equity instruments of the company	26,876	8,845
- Payments for the acquisition of non-controlling interest	-17,840	-5,000
+/- Deposits/Payments from borrowings	2,525	-12,011
- Payments made for the repayment of financial loans	-3,945	0
+ Deposits from the issue of bonds	79,615	38,699
- Payments made for the repayment of bonds	-51,938	0
+/- Change in currency reserve	-3,739	457
+/- Change in hedging instruments	237	-237
- Interest paid	-6,017	-5,345
Cash flow from financing activities	**25,774**	**25,408**
Changes in cash and cash equivalents	**13,270**	**28,537**
+ Cash and cash equivalents at the beginning of the period	32,984	4,447
Cash and cash equivalents at the end of the period	**46,254**	**32,984**

NOTES

CONTENT OF NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Media and Games Invest plc ("MGI", "the Company" or "the Parent Company) is a public limited liability company incorporated on 21 March 2011 in Malta with registration number C 52332 and registered office address at 168 St. Christopher Street, Valletta, VLT1467, Malta. As of 31 December 2020, Bodhivas GmbH, Duesseldorf, owns 36.8% of MGI.

The Company's shares are listed in the scale segment of Frankfurt Stock Exchange, XETRA in Germany and additionally a dual listing on NASDAQ FIRST NORTH PREMIER Stockholm on 6 October 2020. In 2020, MGI had a public bond listed in the scale segment of the Frankfurt Stock Exchange with an amount of EUR 25 million and additionally a public bond issued on 13 November 2020 with an amount of EUR 80 million. The public bond is listed in the scale segment of Frankfurt Stock Exchange as well as in the regulated segment of the Nasdaq Stockholm in Sweden. The public bond of gamigo AG, one of the subsidiaries of MGI, was paid back in December 2020.

MGI is a strategic investment holding company focusing on a 'buy-integrate-build-and-improve' strategy, creating fast-growing companies within the media and games segments through acquisitions and growth in operations. New and proven technologies are actively being implemented to create efficiency improvements and competitive advantages.

Furthermore, the MGI acquires, holds, and sells other investments (e.g. shares, stocks, bonds, securities and other assets of companies as well as investments in funds and assets) that support the above stated business purpose, and as deemed appropriate by the Board of Directors.

MGI, with its portfolio of subsidiary companies (together "the MGI-Group" or "the Group"), is engaged in providing gaming products and advertising/media services. In its Gaming segment, the Group publishes games and currently offers 30 massively multiplayer online games and over 5,000 casual games, while in the Media segment, the Group offers online performance marketing, influencer marketing, influencer marketplace platform services, supply side performance platform and global app performance agency services.

2. Significant Accounting Policies

2.1. Basis of preparation

The 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. They have also been prepared in accordance with the Companies Act (Cap. 386) enacted in Malta.

The Group's financial year begins on 1 January and ends on 31 December of the calendar year. The functional currency and reporting currency of the Group is the Euro. Unless otherwise stated, all amounts are presented in thousand euros (kEUR).

The assets and liabilities are classified as current if they are anticipated to be implemented or compensated within twelve months after the reference date for the statement of financial position. The consolidated financial statement is prepared under the historical costs basis unless otherwise mentioned in the relevant accounting policies below.

In order to improve the clarity of the depiction, various items of the consolidated statement of financial position and the consolidated statement of profit or loss are shown in summarised form. These items are shown and explained separately in the notes to the consolidated financial statements.

The consolidated financial statements were prepared based on the historical acquisition or production costs. This does not apply to certain financial instruments that were reported at fair value on the statement of financial position date. A corresponding explanation is given in the context of the respective accounting and valuation methods.

Historical acquisition or production costs are based on the fair value of the consideration made in exchange for the asset.

The fair value is the price that would be received in an orderly business transaction between market participants on the assessment date for the sale of an asset or that would be paid for the transfer of a liability. This applies irrespective of whether the price has been directly observed or estimated using a valuation method.

When determining the fair value of an asset or liability, the Group takes into account certain characteristics of the asset or the liability (e.g. condition and location of the asset or restrictions on sales and use) if market participants would also consider these characteristics when setting prices for the acquisition of the respective asset or the transfer of the liability on the valuation date. In the present consolidated financial statement, the fair value for the valuation and/or the disclosure obligations is generally determined on this basis. Exceptions are:

- Leases, which fall within the scope of IFRS 16 *Leases* and
- Valuation standards that are similar to the fair value, but not equivalent to them, e.g. the value-in-use under IAS 36 *Impairment of assets*.

The fair value is not always available as a market price. It often has to be determined based on various evaluation parameters. Depending on the availability of observable parameters and the significance of these parameters for determining the fair value in whole, the fair value is assigned to levels 1, 2, or 3. The subdivision is based on the following:

- Level 1 input parameters are quoted prices (unadjusted) on active markets for identical assets or liabilities, which the company can access on the valuation date.
- Level 2 input parameters are input parameters other than the quoted prices included in level 1, which are either directly observable for the asset or the liability or can be derived indirectly from other prices.
- Level 3 input parameters are non-observable parameters for the asset or the liability.

The preparation of the consolidated financial statements requires management to make discretionary decisions and estimates that relate to the application of accounting methods and the reported amounts of the assets, liabilities, income and expenses. Actual results can deviate from these estimates.

Estimates and the underlying assumptions are continually reviewed. Revisions of estimates are recorded prospectively.

2.2. New and changed standards and interpretations that are applied for the first time in the financial year 2020

The following new and amended IFRSs are required to be applied for the first time in the financial year beginning on 1 January 2020:

- Changes of IFRS 9, IAS 39 and IFRS 7 regarding the interest rate benchmark reform
- Changes to IFRS 16 related to COVID-19 pandemic rent concessions
- IFRS 3 changed definition of business combinations
- IAS 1 and IAS 8 changed in definition of materiality

The initial application of the adopted IFRSs has no significant impact on the Group and the presentation of the consolidated financial statements.

2.3. Standards, interpretations and changes to published standards which were issued but not yet effective

In its consolidated financial statements 2020, the Group did not early adopt the following accounting standards, which have been issued by the IASB, but are not yet effective.

Standard	***Time of application***	***Expected effects***
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – phase 2	01/01/2021	No material effects expected
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01/01/2022	No effects expected
Annual Improvements to IFRS Standards 2018–2020	01/01/2022	No effects expected
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01/01/2022	No material effects expected
Reference to the Conceptual Framework – Amendments to IFRS 3	01/01/2022	No material effects expected
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	01/01/2023	To be analysed

IFRS 17 Insurance contracts	01/01/2023	Not applicable
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	not set yet	

2.4. **Changes to IFRS 3 Definition of a business**

The changes to IFRS 3 *Business combinations* clarify the definition of a business and are effective for the financial year 2020.

A business is still defined by the three elements, input factor(s), processes and output. The input factors and processes applied to them should be used in such a way that they can contribute to generating output. The changed definition of output places the focus on the provision of goods and services to the customer, but also includes investment income such as dividends, interest and other income. On the other hand, cost reductions no longer serve as a characteristic of output.

The changes make clear that for a business to exist, an acquisition must include at least one input factor and a substantial process, which together contribute significantly to the ability to generate output. Ultimately, the existence of processes is the difference between the acquisition of a business and the acquisition of a group of assets. The test depends on whether output is already generated with the acquired group of activities and assets.

In addition, a so-called concentration test was introduced as a transaction-related option, which enables a simplified assessment whether an acquired bundle of activities and assets does not constitute a business. This is the case when the fair value of the acquired gross assets is “substantially all” concentrated in a single identifiable asset (or a group of comparable identifiable assets).

2.5. **Consolidation**

2.5.1. Subsidiaries

The consolidated financial statements include the financial statements of the parent company and the companies it controls, including structured companies (its subsidiaries). The parent company gains control if:

- it can exercise power of disposal over the associated company,
- it is exposed to fluctuating returns from its participation, and
- it can influence returns based on its power of disposal.

The parent company will reassess whether it is an associated company or not if facts and circumstances indicate that one or more of the above-mentioned control criteria have changed.

If the parent company does not have a majority of voting rights, it still controls the associated company if it has the practical ability to determine the relevant activities of the investment company unilaterally through its existing voting rights. When assessing whether its existing voting rights are sufficient for the power of determination, the parent company takes into account all facts and circumstances, including:

- the scope of voting rights held by the parent company in relation to the scope and distribution of the voting rights of other voting rights holders;
- potential voting rights of the parent company, other voting rights holders and other parties;
- rights from other contractual agreements; and
- additional facts and circumstances that indicate that the parent company has or does not have the ability to determine the relevant activities at the times when decisions must be taken, taking into consideration the voting behaviour at shareholders' meetings.

A subsidiary is included in the consolidated financial statements from the time when the parent company acquires the control over the subsidiary until the time when the control by the parent company ends. The results of the subsidiaries acquired or sold in the course of the year are recorded in the consolidated statement of profit or loss and other comprehensive income from the actual date of acquisition or until the actual date of disposal.

The profit or loss and any component of the other comprehensive income must be attributed to the shareholders of the parent company and the non-controlling shareholders. This applies even if this leads to the shares of the non-controlling shareholders having a negative balance.

If necessary, the annual financial statements of the subsidiaries are adjusted to align the accounting and valuation methods to the methods used in the Group.

All intercompany assets, liabilities, equity, income, expenses and cash flows in connection with business transactions between group companies are fully eliminated as part of the consolidation.

a) *Changes in the Group's stake in existing subsidiaries*

Changes in the Group's stake in subsidiaries that do not lead to a loss of the control over that subsidiary are accounted for as an equity transaction. The carrying amounts of the shares held by the Group and the non-controlling interest are adjusted in such a way that they reflect the changes in the stakes in the subsidiaries. Any difference between the amount by which the non-controlling shares are adjusted and the fair value of the consideration paid or received is directly recognised in equity and allocated to the shareholders of the parent company.

If the parent company loses control of a subsidiary, the gain or loss received on deconsolidation is recognised in profit or loss. This is determined from the difference between the total amount of the fair value of the consideration received and the fair value of retained shares and the book value of the assets (including goodwill), the liabilities of the subsidiary company and all non-controlling interest.

All amounts reported in other comprehensive income in connection with this subsidiary are accounted for as in the case of a sale of assets, i.e. reclassification into the consolidated income statement or direct transfer into retained earnings.

If the parent company retains shares in the previous subsidiary, they are recognised at the fair value determined at the time of the loss of control. This value represents the acquisition costs of the shares, which depend on the subsequent degree of control in accordance with IFRS 9 *Financial instruments* or according to the provisions for associated companies or joint ventures.

b) *Acquisition of subsidiaries*

The acquisition of businesses is accounted for according to the acquisition method. The consideration transferred in a business combination is measured at fair value. This is determined from the sum of the fair values of the transferred assets valid at the time of acquisition, the liabilities assumed by the former owners of the acquired company and the equity instruments issued by the Group in exchange for the control of the acquired company. Transaction costs associated with the business combination are recognised in profit or loss when incurred.

The acquired identifiable assets and liabilities assumed are measured at their fair values. The following exceptions apply:

- Deferred tax claims or deferred tax liabilities and assets or liabilities in connection with agreements for employee benefits are recorded and evaluated in accordance with IAS 12 *Income taxes* or IAS 19 *Employee benefits*;
- Liabilities or equity instruments that relate to share-based payment or compensation for share-based payment by the Group are valued at the time of acquisition in accordance with IFRS 2 *Share-based payment;* and
- Assets (or disposal groups) that, in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, are classified as held for sale are measured in accordance with this IFRS.

Goodwill is calculated as a surplus of the sum of the consideration transferred, the amount of all non-controlling interest in the acquired company and the fair value of the equity interest in the acquired company previously held by the purchaser (if any) over the balance of the fair values of identifiable assets acquired determined at the time of acquisition and the assumed liabilities. In the event that a negative difference is made, even after repeated assessment, it is immediately recognised as income.

Non-controlling interest in subsidiaries are shown separately in the Group's equity. Such non-controlling interest that currently confer ownership rights and, in the event of liquidation, grant the holder the right to receive a proportional share in the company's net assets are measured at acquisition either at fair value or at the corresponding proportion of identifiable net assets. This option can be exercised again in every business combination. Other components of non-controlling interest are valued at their fair values or the measures that result from other standards. After the acquisition, the carrying amount of the shares of non-controlling interest results from the value of the shares when they are first recorded plus the share of non-controlling interest in the subsequent changes in equity. The overall result attributable to them is attributed to the non-controlling interest even if their shares thereby have a negative balance.

If the consideration transferred contains a contingent consideration, this is measured at the fair value applicable at the time of acquisition. Changes in the fair value of the contingent consideration within the valuation period are corrected retrospectively and posted accordingly against the goodwill. Adjustments during the valuation period are adjustments to reflect additional information about facts and circumstances that existed at the time of acquisition. However, the valuation period may not exceed one year from the time of acquisition.

The accounting of changes in the fair value of the contingent consideration which do not constitute adjustments during the valuation period depends on how the contingent consideration is to be classified. If the contingent consideration is equity, then no subsequent valuation takes place on subsequent reporting dates; their fulfilment is reported within equity. Contingent considerations that are not equity are measured at fair value on subsequent balance sheet dates and any resulting profit or loss is recognised in the consolidated statement of profit or loss.

In the event of a business combination achieved in stages, the equity interest previously held by the company in the acquired company is revalued at the fair value applicable at the time of acquisition. Any resulting profit or loss is recognised in the consolidated statement of profit or loss.

Changes in value of the equity interests previously held in the acquired company before the acquisition date, recorded in other comprehensive income, are transferred to the consolidated income statement when the Group gains control of the acquired company.

If the first-time accounting of a business combination has not yet been completed at the end of a financial year, the Group provides provisional amounts for the items with this type of accounting.

If new information becomes available within the valuation period that illuminates the circumstances at the time of acquisition, the provisionally recognised amounts are corrected or additional assets or liabilities are recognised if necessary.

2.5.2. Scope of consolidation

The scope of consolidation as of 31 December 2020 comprises the following:

Fully consolidated subsidiaries	Registered office	Capital share 2020 in %	Capital share 2019 in %
Media and Games Invest plc.	Valletta, Malta		
Media and Games Services AG	Zug, Switzerland	100%	100%
blockescence DLT Solutions GmbH	Berlin, Germany	100%	100%
Samarion GmbH (formerly Samarion SE)	Düsseldorf, Germany	100%	100%
Vajrapani Ltd.	Valletta, Malta	100%	100%
Persogold GmbH	Hamburg, Germany	100%	100%
ReachHero GmbH	Berlin, Germany	100%	67,38%
ReachHero GmbH itself holds the following ownership interest in the following company:			
Avocado Digital UG	Berlin, Germany	100%	100%
ME mobile GmbH (formerly AppLift GmbH)	Berlin, Germany	100%	100%
ME mobile GmbH itself holds the following ownership interest in the following companies:			
Verve Group Europe GmbH (formerly PubNative GmbH)	Berlin, Germany	100%	89,20%
PubNative China WFOE	Shanghai, China	99%	89,20%
AppLift Japan K. K.	Tokyo, Japan	100%	100%
AppLift Brazil Limitada	Sao Paulo, Brazil	99%	99%
AppLift Inc.	New York, NY, USA	100%	100%
AppLift Asia Pacific Inc.	Seoul, South Korea	100%	100%
AppLift India Technologies Private Ltd.	Bangalore, India	99.99%	99,99%
AppLift Shanghai Ltd.	Shanghai, China	100%	100%
gamigo AG	Hamburg, Germany	99.88%	52,63%
gamigo AG itself holds the following ownership interest in the following companies:			
adspree media GmbH	Berlin, Germany	100%	100%
Aeria Games GmbH	Hamburg, Germany	100%	100%
gamigo Advertising GmbH	Hamburg, Germany	100%	100%
gamigo Inc.	Wilmington, DE, USA	100%	100%
gamigo Portals GmbH	Hamburg, Germany	100%	100%
gamigo Publishing GmbH	Hamburg, Germany	100%	100%
gamigo US Inc.	Dover, DE, USA	100%	100%
Mediakraft GmbH	Cologne, Germany	100%	100%
Mediakraft Networks GmbH	Cologne, Germany	100%	100%
Mediakraft Turkey Yayin Hizmetleri A.S.	Istanbul, Turkey	100%	80%
Media Elements GmbH, Cologne (formerly MK Productions GmbH)	Cologne, Germany	100%	100%

Verve Group Inc.	Carlsbad, CA, USA	100%	-
Platform 161 Holding B.V.	Amsterdam, Nether-lands	100%	-
Platform 161 Holding B.V. itself holds the following ownership interest in the following companies:			
Platform 161 B.V.	Amsterdam, Nether-lands	100%	-
ClickDistrict Spain SL	Madrid, Spain	100%	-
Platform 161 Nordics AB	Stockholm, Sweden	100%	-
Platform 161 LLC	New York, NY, USA	100%	-
ME digital GmbH (formerly freenet digital GmbH)	Berlin, Germany	100%	-
ME digital GmbH itself holds the following ownership interest in the following companies:			
Lorena Medienagentur GmbH	Berlin, Germany	100%	-
iLove GmbH	Berlin, Germany	100%	-
Sure Yield Inc. Ltd.	Kowloon, Hong Kong	100%	-
Vene International GmbH	Berlin, Germany	100%	-
MHF Media GmbH	Berlin, Germany	100%	-
freenet digital ES SL	Barcelona, Spain	100%	-
freenet digital Entretenimento do Brasil Ltda.	Sao Paulo, Brazil	100%	-

In addition to the parent company, the scope of consolidation of the Group includes 42 (2019: 32) subsidiaries.

On 29 October 2020, freenet digital GmbH was renamed to ME digital GmbH in accordance with the articles of association. On 17 December 2020, AppLift GmbH was renamed to ME mobile GmbH in accordance with the articles of association. On 18 February 2021, PubNative GmbH was renamed to Verve Group Europe GmbH in accordance with the articles of association.

The following companies were not consolidated due to their subordinate importance for the Group.

Company	Registered office	Capital share % 31/12/2020	Capital share % 31/12/2019
highdigit GmbH	Münster, Germany	100%	100%
Just Digital GmbH	Hamburg, Germany	100%	100%
gamigo CA Inc.	Brunswick, Canada	100%	100%

On 30 September 2020, the subgroup gamigo AG sold Mediakraft PL Sp.z o.o., Warsaw, Poland, for 1 EUR to the Management. Aeria Interactive GmbH, Cologne, Germany, was sold on 30 November 2020, for 1 EUR to an acquirer.

2.5.3. Material changes in scope of consolidation other than business combinations

Acquisition of the remaining non-controlling interest in Verve Group Europe GmbH (formerly PubNative GmbH)

MGI agreed with the founders and minority shareholders of the supply-side platform (SSP) subsidiary Verve Group Europe to acquire their remaining block of shares and now holds 100% of the shares which reduces the non-controlling interest to kEUR 754 within the MGI consolidated financial statements. Verve Group Europe's platform supports application publishers in selling their advertising space in their applications for the best price via bidding mechanisms.

Acquisition of the remaining non-controlling interest in ReachHero GmbH

MGI agreed with the founders and minority shareholders of the influencer platform subsidiary ReachHero to acquire their remaining block of shares and now holds hold 100% of the shares which reduced the non-controlling interest to kEUR 1,034 within the MGI consolidated financial statements.

Refer to Note 3 for acquisitions made during the financial year 2020.

2.6. **Investments in associated companies**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

2.7. **Foreign currency**

When preparing the financial statements of each individual group company, business transactions that are denominated in currencies other than the functional currency of the group company (foreign currencies) are converted at the rates valid on the date of the transaction. At the end reporting period, monetary items in foreign currency are converted using the current exchange rate on the balance sheet date. Non-monetary items in foreign currency that are measured at fair value are converted using the exchange rates that were valid at the time the fair value was determined. Non-monetary items valued at acquisition or production cost are converted using the exchange rate at the time of initial recognition.

Translation differences from monetary items are recognised in the statement of comprehensive income in the period in which they occur. Exceptions are:

- Translation differences from borrowings denominated in a foreign currency that occur in the creation process for assets intended for productive use. These are added to the production costs if they represent adjustments to the interest expense from these borrowings denominated in foreign currency.
- Translation differences from transactions that were incurred to hedge certain foreign currency risks.
- Translation differences from monetary items to be received or paid from/to a foreign business operation, the fulfilment of which is neither planned nor likely and which are therefore part of

the net investment in this foreign business operation, which are initially recognised in other comprehensive income and are reclassified on disposal from equity to profit and loss.

To prepare the consolidated financial statements, the assets and liabilities of the Group's foreign operations are converted into euros (EUR) using the exchange rates valid on the reporting date. Income and expenses are translated at the average exchange rate for the period, unless the exchange rates during the period were subject to strong fluctuations. In this case, the exchange rates apply at the time of the transaction. Translation differences from the translation of foreign operations in the group currency are recognised in other comprehensive income and accumulated in equity.

When a foreign business operation is sold, all accumulated translation differences that are attributable to the Group from this business operation are reclassified to the income statement. The following transactions are considered to be a sale of a foreign business operation:

- the sale of the entire group share in a foreign business operation,
- a partial sale with loss of the control over a foreign subsidiary or
- a partial sale of a participation in a joint agreement or an associated company which includes a foreign business operation.

If parts of a subsidiary, which includes a foreign business operation, are sold without a loss of the control, the share in the amount of the translation differences attributable to the sold part is attributed to the non-controlling interest from the date of disposal. In the case of a partial sale of shares in associated companies or joint agreements without a change of status, the corresponding share in the amount of the translation differences is reclassified to income.

Goodwill arising from the acquisition of a foreign business operation and adjustments to the fair value of the identifiable assets and liabilities are treated as assets or liabilities of the foreign business operation and converted at the rate on the balance sheet date. Resulting translation differences are recorded in the reserve from currency translation.

The following rates were used to convert foreign operations with other functional currency than euro:

Currency	Assets and Liabilities Closing rate on 31/12		Income and expenses Average rate	
	2020	2019	2020	2019
US dollar (USD)	1.2271	1.12340	1.14128	1.11959
Turkish lira (TRY)	9.1131	6.68430	8.044	6.356
Polish zloty (PLN)	-	4.25680	4.44318	4.29750
Korean won (KRW)	1,336	1,296	1,345	1,304
Brazil real (BRL)	6.374	4.515	5.890	4.413
India rupee (INR)	89.661	80.187	84.580	78.849
Chinese yuan (CNY)	8.023	7.820	7.871	7.733
Japanese yen (JPY)	126.49	121.94	121.775	122.055
Swiss franc (CHF)	1.080	1.085	1.070	1.115

2.8. **Revenue recognition**

The Group generates revenue from the income from online, console and mobile games (including casual games, roleplay games and strategy games) as well as from media services (platform and advertising services).

Revenue is measured in the amount of the consideration that the Group is expected to receive from a contract with a customer. Revenues from the transfer of usage rights for games are recorded as soon as it transfers control of a product or service to a customer. No revenue is recognised if fundamental risks exist with regard to the receipt of the service in return or the usage right cannot be exercised by the customer for reasons for which he is not responsible.

Media service sales refer to media and platform services for business customers. The service is called up by the customer using a service contract. The revenue is considered to be realised as soon as an invoice has been sent to the customer and the marketing services have been provided for the corresponding period.

If the provision of usage rights includes a determinable sub-amount for several or consecutive services, the revenues incurred on this are accrued and reversed over the term of the usage right with recognition in the consolidated statement of profit or loss. The reversal is usually done in accordance with the provision of the service.

Revenue is generally recognised after deduction of sales taxes and other taxes as well as after deduction of reductions in revenues such as bonuses or discounts at the fair value to be applied of the service in return received or to be received.

2.9. **Income taxes**

Income tax expense represents the total of current tax expense and deferred taxes.

Current or deferred taxes are recognised in the consolidated statement of profit or loss, unless they are related to items that are recognised either in other comprehensive income or directly in equity. In this case, current and deferred taxes are also recognised in other comprehensive income or directly in equity. If current or deferred taxes result from the initial accounting for a business combination, the tax effects are included in the accounting for the business combination.

2.9.1. Current taxes

The current tax expense is determined on the basis of the taxable income for the year. Taxable income differs from the net income from the consolidated statement of profit or loss due to expenses and income that are taxable or tax deductible in later years or never. The Group’s liability for current taxes is calculated on the basis of the applicable or soon to be applicable tax rates.

2.9.2. Deferred taxes

Deferred taxes are recognised for the differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base in the calculation of taxable income. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is likely that taxable profits will be available for which the deductible temporary differences can be used. Such deferred tax assets and deferred tax liabilities are not recognised if the temporary differences result from goodwill or from the first-time recognition (except for business combinations) of other assets and liabilities that result from events that do not affect taxable income or the net profit.

Deferred tax liabilities are recognised for taxable temporary differences arising from shares in subsidiaries or associates and shares in joint ventures, unless the Group can control the reversal of the temporary differences and it is likely that the temporary difference will not reverse anytime soon.

Deferred tax assets that result from temporary differences in connection with shares in subsidiaries or associated companies and shares in joint ventures are only recognised to the extent that it is probable that sufficient taxable income is available with which the claims from the temporary differences can be used. It must also be assumed that these temporary differences will be reversed in the foreseeable future.

The book value of the deferred tax assets is checked every year at the end of reporting period and the value is reduced if it is no longer probable that sufficient taxable income will be available to realise the claim in full or in part. Deferred tax liabilities and deferred tax assets are determined on the basis of the expected tax rates and tax laws that are expected to apply when the debt is settled, or the asset is realised. The valuation of deferred tax assets and liabilities reflects the tax consequences that arise from the way in which the Group expects to meet the liability or realise the asset on the statement of financial position date.

2.10. **Leases**

At the start of a contract, the Group assesses whether the contract establishes or includes a lease. This is the case if the contract provides the right to control the use of an identified asset in return for payment of a fee for a certain period of time. In order to assess whether a contract includes the right to control an identified asset, the Group uses the definition of a lease in accordance with IFRS 16.

The Group as lessee

When new contracts are concluded, the Group checks whether they include leases. Upon commencement of the lease, the Group accounts for right-of-use (RoU) assets and corresponding lease liabilities for all leased objects.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Group. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. The RoU asset is depreciated over the lease term and subsequently measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially recognised at the present value of future lease payments payable over the lease term, discounted at the rate implicit in the lease or the incremental borrowing rate, whichever is readily determinable.

Lease liabilities are shown as a separate item in the consolidated statement of financial position and are subsequent measured using the effective interest method.

The Group subsequently remeasures the lease liabilities to reflect changes in

- the lease term (using a modified discount rate);
- the assessment of a call option (using a modified discount rate);
- the payments to be expected related to residual value guarantees (using the original discount rate);
- or future lease payments resulting from an index or exchange rate change (using the original discount rate).

The remeasurements are treated as adjustments to the RoU asset. If changes do not lead to the formation of a separate lease, a remeasurement of the lease liabilities may also occur.

If, as a result of the subsequent remeasurement of the lease liabilities, the RoU assets are reduced to zero or have already been reduced to zero, and there is a further adjustment of the lease liabilities, the amount is recognised in profit or loss.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

2.11. **Intangible assets**

a) Other intangible assets

Other intangible assets with a finite useful life are recognised at acquisition cost less accumulated amortisation and impairment. Amortisation is recognised in the profit or loss on a straight-line basis over the expected useful life. The expected useful life and the amortisation method are reviewed on every reporting date and all changes in estimates are taken into account prospectively.

Separately acquired intangible assets with an indefinite useful life are recognised at cost less accumulated impairment.

The useful life for industrial property rights and licenses is usually between five and fifteen years.

b) *Goodwill*

The goodwill resulting from a business combination is accounted for at cost less any necessary impairment and is shown separately in the consolidated statement of financial position.

For the purpose of impairment testing, the goodwill on acquisition is allocated to those cash-generating units (or groups thereof) of the Group that are expected to benefit from the synergies of the merger.

Cash-generating units to which part of the goodwill has been allocated must be tested for impairment at least once a year. If there are indications of a value reduction of a unit, it may be necessary to carry out more frequent impairment tests. If the recoverable amount of a cash-generating unit is less than the book value of the unit, the impairment loss is first allocated to the book value of any goodwill allocated to the unit and then proportionally to the other assets based on the book values of each asset in relation to the total book value of the assets within the unit. The recoverable amount is the higher of the value in use and the fair value less cost to sell.

Any impairment loss on goodwill is recognised directly in the profit or loss. Any impairment recorded for goodwill may not be reversed in future periods.

When a cash-generating unit is sold, the amount of goodwill attributable to it is taken into account when determining the profit on disposal.

For financial year 2020 Media and Games Invest engaged a BIG4 advisor, for an independent IAS 36 documentation regarding the Goodwill and its segment goodwill allocation. Based on the result of the valuation by BIG4 advisor there is no impairment required. More information under section 5. c) Segment assets and 6. Intangible assets.

c) *Internally generated intangible assets - research and development costs*

Research costs are recognised as an expense in the period in which they are incurred.

Internally generated intangible assets that result from the development activity or from the development phase of an internal project are recognised if the following evidence has been provided:

- The completion of the intangible asset is technically feasible, so that it will be available for use or sale.
- The intent is to complete the intangible asset and to use or sell it.
- The ability to use or sell the intangible asset exists.
- The intangible asset is expected to generate a future economic benefit.
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset.
- The ability to reliably determine the expenses attributable to the development of the intangible asset exists.

The amount with which an internally generated intangible asset is capitalised for the first time is the sum of the expenses incurred from the day on which the intangible asset first meets the above conditions. If an internally generated intangible asset cannot be capitalised or if there is no intangible asset, the development costs are recognised in the income statement in the period in which they arise.

In subsequent periods, internally generated intangible assets, as well as acquired intangible assets, are valued at acquisition or production cost less accumulated amortisation and impairment. Capitalised development costs are generally amortised on a straight-line basis over a useful life of a minimum of 4 years.

d) Intangible assets acquired as part of a business combination

Intangible assets acquired as part of a business combination are recognised separately from goodwill and measured at fair value at the time of acquisition.

In subsequent periods, intangible assets acquired as part of a business combination, as well as individually acquired intangible assets, are valued at cost less accumulated amortisation and any accumulated impairment.

e) Derecognition of intangible assets

An intangible asset must be derecognised on disposal or when no further economic benefit is expected from its use or its disposal. The gain or loss from the derecognition of an intangible asset, valued at the difference between the net sales proceeds and the book value of the asset, is recognised in the profit or loss at the time the asset is derecognised. It is shown in other income or other expenses.

2.12. Property, plant, and equipment

Technical equipment and machines as well as office and business equipment are shown at acquisition or production cost less accumulated depreciation and recognised impairment.

Depreciation is carried out in such a way that the acquisition or production costs of assets (with the exception of land or assets under construction) minus their residual values are depreciated on a straight-line basis over their useful life. The useful lifes vary between 3 and 8 years.

The expected useful lives, residual values and depreciation methods are reviewed on every reporting date. All necessary changes in estimates are taken into account prospectively.

Other systems, operating and business equipment are predominantly written off over three to five years. Pursuant to the commercial progression of usage, property, plant and equipment will be depreciated using the straight-line method.

Property, plant and equipment is derecognised on disposal or when no future economic benefit from the continued use of the asset is expected. The gain or loss resulting from the sale or decommissioning of property, plant and equipment is determined as the difference between the proceeds from the sale and the book value of the asset and is recognised in other income or other expenses.

2.13. Impairment of property, plant and equipment and intangible assets (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and other intangible assets to determine whether there are indications of an impairment of these assets. If such indications are discernible, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. If the recoverable amount for the individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If an appropriate and steady basis for distribution can be determined, the collective assets are distributed among the individual cash-generating units. Otherwise, there is a distribution to the smallest group of cash-generating units for which an appropriate and steady basis of the distribution can be determined.

In the case of intangible assets with an indefinite useful life or those that are not yet available for use, an impairment test is carried out at least annually and always when there is an indication of impairment.

The recoverable amount is the higher of the fair value less less cost to sell and the value in use. When determining the recoverable amount, the estimated future cash flows are discounted using a pre-tax interest rate. This pre-tax interest rate takes into account, on the one hand, the current market assessment of the time value of the money, and on the other hand the risks inherent in the asset, unless these have already been included in the estimate of the cash flows.

If the estimated recoverable amount of an asset or a cash-generating unit falls below the book value, the book value of the asset or the cash-generating unit is reduced to the recoverable amount. The impairment loss is immediately recognised in profit or loss.

If the impairment loss is subsequently reversed, the book value of the asset or cash-generating unit is increased to the most recent estimate of the recoverable amount. The increase in the book value is limited to the value that would have resulted if no impairment loss had been recognised for the asset or the cash-generating unit in previous years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14. **Financial assets**

Financial assets are recognised when a group company becomes a contracting party to the financial instrument.

Financial assets are measured at fair value on receipt. Transaction costs that are directly attributable to the acquisition of financial assets that are not measured at fair value through profit or loss increase the fair value of the financial assets on receipt. Transaction costs that are directly attributable to the acquisition of financial assets and that are measured at fair value through profit or loss are recognised directly in the consolidated statement of comprehensive income.

Financial assets are recognised and derecognised on the trading day if they are financial assets that are delivered within the time frame customary for the market concerned.

All of the financial assets accounted for in their entirety are subsequently valued either at amortised cost or at fair value, depending on the classification of the financial assets.

a) Classification of financial assets

Debt instruments that meet both of the following conditions are valued at amortised cost:

- The financial asset is held within the framework of a business model, the objective of which is to collect the contractual cash flows;

- The contractual terms of the financial asset only represent interest and principal payments on the outstanding nominal amount.

Debt instruments that meet both of the following conditions are measured at fair value and recognised in equity:

- The financial asset is held within the framework of a business model, the objective of which is both to collect the contractual cash flows and to sell financial assets;
- The contractual terms of the financial asset only represent interest and principal payments on the outstanding nominal amount.

All other financial assets that do not meet the above conditions are generally valued at fair value through profit or loss. MGI did not classify any equity instruments in this category in the financial year.

Equity instruments measured at fair value and recognised in equity are recognised at the time of their acquisition at fair value plus transaction costs. As a result, gains and losses from changes in the fair value are recognised in other comprehensive income in the revaluation reserve for financial investments. The accumulated gains or losses are not reclassified to the income statement when the equity instrument is disposed of but are transferred to retained earnings.

Dividends from these equity instruments are recognised in the profit or loss in accordance with IFRS 9, unless the dividends clearly represent a repayment of part of the cost of the equity instruments. Dividends are recognised in the item “other financial income” in the statement of comprehensive income.

b) Currency translation gains and losses

The fair value of financial assets denominated in a foreign currency is determined in the foreign currency and then converted using the spot rate at reporting date:

- For financial assets that are measured at amortised cost and are not part of a designated hedging relationship, translation differences are recorded in the profit or loss under “Other income”;
- for financial investments in equity instruments that are measured at fair value and recognised in equity, translation differences are recognised in other comprehensive income in the revaluation reserve for financial investments as part of the fair value measurement.

c) Impairment of financial assets

For trade receivables and contract assets, the Group always records the losses expected over the expected remaining term. These are calculated on the basis of a provision matrix, with reference to the past default of the debtors and an analysis of the current financial situation of the debtors, taking into account debtor-specific factors, the general economic conditions of the industry in which the debtors operate, and an assessment of both the current and the forecast development of the circumstances on the balance sheet date, and while taking into account, if necessary, the current value of money.

The group directly writes down a financial asset, thereby reducing the gross book value if there is information that indicates that the debtor is in considerable financial difficulty and there is no realistic prospect of payment. This is the case, for example, if the debtor is in liquidation or bankruptcy proceedings or, in the case of trade receivables, the receivables are overdue by more than two years, depending on which event occurs earlier. Financial assets that have already been written off may still be subject to enforcement measures by the group. Any returns received from this are recognised in the consolidated statement of profit or loss on receipt.

d) Derecognition of financial assets

The group only derecognises a financial asset if the contractual rights to the cash flows from the asset expire or if it transfers the financial asset and essentially all risks and opportunities associated with the ownership of the asset to another company. If the group does not transfer or retain all of the material risks and opportunities associated with ownership and remains in control of the transferred asset, the group recognises its continued exposure to the asset and an associated liability for amounts that it may have to pay. If the group retains essentially all of the risks and opportunities associated with ownership of a transferred financial asset, the group continues to recognise the financial asset and accounts for secured borrowing for the proceeds received.

As a result of the derecognition of a financial asset measured at amortised cost, the difference between the book value of the asset and the sum of the consideration received and outstanding receivables is recognised in profit or loss. In addition, when a financial investment is derecognised in a debt instrument that is classified at fair value directly in equity, the gain or loss previously accumulated in the revaluation reserve for financial investments is reclassified to the income statement. In contrast, when a financial investment is derecognised in an equity instrument that the group designated as to be recognised at fair value directly in equity when it was initially recognised, the cumulative gain or loss previously accumulated in the revaluation reserve for financial investments is not reclassified to the income statement but transferred to retained earnings.

2.15. **Cash and cash equivalents**

Cash and bank balances are measured at cost, comprising cash, call deposits and other short-term highly liquid financial assets with a term of a maximum of three months.

2.16. **Shareholders' equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Issue costs refer to costs that would not have been incurred had the equity instruments not been issued.

Repurchase of the Company's own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Debt and equity instruments issued by a group entity are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and the definitions.

2.17. **Current and other non-current employee benefits**

For current employee benefits (wages, sick pay, bonuses, etc.), the undiscounted amount of the benefits expected to be paid in exchange for that service provided shall be recognised in the period in which the employee provides the service.

The expected cost of current employee benefits in the form of compensated absences shall be recognised in the case of accumulating benefits when the service that increases employees' entitlement to future compensated absences is rendered. Non-accumulating compensated absences, however, are recognised at the time when the absences occur.

Liabilities from other non-current employee benefits are measured at the present value of the estimated future cash outflows the Group expects for the service rendered by the employee as at the balance sheet date. Share-option programs for key-employees are recognised as non-current employee benefits. Based on their evaluation in accordance with IFRS 2 it could be recognised as equity-settled share-based payment transaction.

2.18. Other provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the settlement of the obligation involves an outflow of resources, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured on the basis of the estimated cash flows required to settle the obligation, these cash flows shall be discounted (when the interest effect is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.19. Severance payments

A liability for a termination benefit will be recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognises any related restructuring costs.

2.20. Financial liabilities

Financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. These are measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities are measured at fair value on initial recognition. Transaction cost directly attributable to the issue of financial liabilities that are not measured at FVTPL, reduce the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to financial liabilities that are measured at FVTPL, are directly recognised in the consolidated statement of profit or loss.

a) Financial Liabilities Measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is a contingent consideration of an acquirer in a business combination, held for trading or it is designated as at FVTPL.

b) Financial Liabilities Measured Subsequently at Amortised Cost

Financial liabilities that are not a contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and charges paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount derived from its initial recognition.

c) Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cashflows of the original financial liability. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cashflows after modification should be recognised in profit or loss as the modification gain or loss within other income.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount recognised initially less, where appropriate, the cumulative amortisation recognised in accordance with the principles of IFRS 15.

2.21. **Statement of cash flows**

Cash flows from operating activities are calculated by using the indirect method. In the case of compound transactions, the underlying amounts are allocated to several cash flow sections if necessary. Cash flows in foreign currencies were translated by using the annual average foreign currency exchange rate. Cash funds are determined as cash and cash equivalents plus current liabilities due to banks.

Interest income and expenses and dividend income are disclosed in the cash flows from operating activities, whereas interest paid or received are disclosed in the cashflows from financing activities. Tax payments are shown in the cash flows from operating activities because an allocation to individual activities is not practicable.

The composition of the cash funds, the general disclosure (structure and content) of the cashflow statement and the voluntary disclosure options remain unchanged compared to the prior year.

2.22. **Earnings per share**

IAS 33 deals with principles for the determination and presentation of earnings per share before and after dilution. Basic earnings per share are computed by dividing earnings attributable to equity holders of the parent by a weighted average number of outstanding ordinary shares.

For computing diluted earnings per share, the weighted average number of outstanding ordinary shares is restated for the dilution effect of all potential ordinary shares. The parent company has issued share options that have a potential dilution effect. For share options, the number of shares that could have been purchased at fair value for an amount corresponding to the monetary value of the subscription rights associated with outstanding share options is computed. The number of shares computed as above is compared to the number of shares that would have been issued assuming that the share options had been exercised. Options and warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price. In financial year 2020 Media and Games Invest has share based payments that may cause dilution. Additionally, potential ordinary shares only give rise to a dilution effect in cases where the conversion of them results in lower earnings per share or a higher loss per share.

2.23. **Rounding of amounts**

Amounts in this report have been rounded off to the nearest thousand EURO, or in certain cases, the nearest currency unit.

2.24. **Estimation Uncertainty and Critical Accounting Judgements**

In preparing the consolidated financial statements, assumptions and estimates are to be made that have a significant impact on the amount and the reporting of the assets and liabilities, income and expense items and contingent liabilities recognised.

The assumptions mainly relate to the determination of the useful lives of intangible assets and property, plant and equipment in compliance with the unified policies across the Group.

The estimates used have a significant influence on the determination of discounted cash flows in the purchase price allocation process and of impairment tests, on the valuation of internally-generated intangible assets, allowances on receivables, other provisions and realisability of deferred tax assets.

Estimates are based on experience and premises valid at reporting date and that are considered appropriate under the given circumstances. The future development that is considered most probable is assumed for this purpose. The development of banks and providers of similar services and of the company environment are also taken into account. The estimates and the underlying assumptions are continually reviewed. However, in individual cases, the actual values might deviate from the assumptions and estimates made if the mentioned framework conditions develop differently than expected at reporting date. Changes are recognised through profit and loss at the time they become known and the premises adjusted accordingly.

a) Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the amounts reported of assets and liabilities within the next financial year, are discussed below.

b) Accounting for and impairment of internally-generated intangible assets

The Group renders in-house development services (further game development). In this context, a decision must be made on an annual basis regarding to what extent development services are capitalised as internally-generated intangible assets. The internally-generated intangible assets are recognised at kEUR 23,371 in the consolidated statement of financial position as of 31 December 2020 (2019: kEUR 12,192).

The progress of the individual projects has been satisfactory, and customer response to the executive board's previous estimates of expected revenue from the respective projects has also been confirmed. Higher competitor activity, however, has prompted the executive board to reconsider its assumptions concerning future market shares and expected profit margins for individual projects. Following a detailed sensitivity analysis, the executive board has reached the conclusion that the carrying amount of the assets is to be realised in full regardless of possibly lower revenue. The situation will continue to be monitored closely and adjustments will be made in the coming financial years if the future market situation should make this appear appropriate.

c) Impairment of goodwill

In order to determine goodwill impairment, it is required to determine the recoverable amount of the cash-generating unit to which the goodwill has been allocated. The calculation of the recoverable amount requires an estimate of future cash flows from the cash-generating unit as well as an appropriate discount rate for the calculation of the present value. If the actual expected future cash flows are lower than the previous estimate, this might result in material impairment.

The carrying amount of goodwill amounted to kEUR 164,015 as of December 31, 2020 (2019: kEUR 147,339). In 2020 and 2019, there was no risk of loss and therefore no impairment requirement.

d) Tax accruals

The Group's current income tax accrual as of 31 December 2020 of kEUR 146 (2019: kEUR 2,341) relates to the executive board's assessment of the amount tax payable in respect of tax returns that have not yet been assessed. Uncertain tax items relate principally to the interpretation of tax legislation regarding arrangements entered into by the Group. Due to the uncertainty associated with such tax positions, there is a possibility that, on conclusion of open tax matters with the tax authorities at a future date, the final outcome may differ significantly.

e) Deferred tax assets on tax loss carry forwards

Income tax is to be estimated for each individual tax jurisdiction in which the Group operates. The expected actual income tax and the temporary differences from the divergent treatment of specific items recognised in the consolidated statement of financial position pursuant to IFRS and the corresponding tax bases. To the extent that temporary differences arise, these differences principally result in the recognition of deferred tax assets and liabilities in the consolidated statement of financial position. The executive board is required to make assessments in calculating actual and deferred taxes. Deferred tax assets are recognised to the extent that it is probable that these can be utilised. The utilisation of deferred tax assets depends on the ability to generate sufficient taxable profits according to the respective tax type and jurisdiction, taking into account, where relevant, legal restrictions concerning the maximum period allowed for tax loss carry forwards.

In assessing the probability of the future usability of deferred tax assets, several factors are to be taken into account such as, the financial performance of the past, operational planning, loss carry-forward period and tax planning strategies. Where the actual results deviate from these estimates or where these estimates are to be adjusted in future period, this might negatively affect the assets, liabilities, financial position and financial performance.

If the impairment assessment for deferred tax assets is changed, the deferred tax assets are to be reduced through profit or loss.

No deferred tax assets were recognised on certain corporation income and trade tax loss carry forwards of kEUR 60,542 (2019: kEUR 68,018) and kEUR 52,504 (2019: kEUR 56,437), respectively, as at 31 December 2020, since the entities currently affected have a loss history, and it can, at present, be assumed that under the medium-term tax result planning, that these above-mentioned tax loss carry-forwards will probably not be utilised. These tax loss carry forwards can be utilised for an indefinite period.

f) Fair Value Measurement

Some assets and liabilities of the Group are measured at fair value for financial reporting purposes. To the extent possible, the Group uses observable market data to determine the fair value of assets and liabilities. Where Level 1 inputs are not available, the Group engages qualified external experts to perform the measurements. The Group works closely with external experts in order to determine appropriate measurement procedures and inputs. The Chief Financial Officer reports regularly to the Supervisory Board to lay down the reasons for fluctuations in the fair values of assets and liabilities.

On the acquisition of the shares of Platform 161 and ME digital (formerly freenet digital), an agreement was concluded with the seller, stipulating that in return for the acquired assets and liabilities, a contingent consideration depending on the future performance of the acquired assets shall be paid in addition to the purchase price payable in cash. On the dates of acquisition of 13 July 2020 and 30 September 2020, the market value of the contingent consideration to be paid in the future was required to be determined under IFRS 3 ‘Business Combinations’. Additionally, at 30 December 2020, Media and Games Invest increased their shares from 89.20% up to 100% at Verve Group Europe GmbH (formerly PubNative GmbH). For this purpose, the Group has recognised an amount of kEUR 8,345 as liabilities.

Refer to Note 3 for details on the measurement methods applied and inputs in determining the fair values of the various assets and liabilities.

3. Acquisition of subsidiaries

3.1. **Acquisition of the material assets of Verve Wireless Inc.**

On 22 January 2020, Media and Games Invest took over the assets of the business operations and liabilities of Verve Wireless Inc. via its indirect owned US subsidiary newly established for this purpose, Verve Group Inc. (Verve). Verve Wireless Inc. is a leading Software-as-a-Service (SaaS) marketing provider of programmatic and open market traffic in Carlsbad, California, USA. Verve has a strong client relationship on Gaming, Finance and other digital goods and services. Additionally, their demand-side-platform (DSP) is a high-end platform which will have a positive impact on the supply-side-platform (SSP) of PubNative. The strategic combination of both platforms will increase the media and games revenues significantly.

EY (Ernst & Young GmbH) was engaged and prepared an independent purchase price allocation report for identifying acquired tangible and intangible assets and liabilities of Verve Wireless Inc. The acquisition of the assets of Verve is a business combination within the meaning of IFRS 3 Business Combinations. They provided estimates of fair value for those assets, as defined below, as of 22 January 2020. For the purchase price allocation (PPA), the management provided EY a business plan of Verve which was used by the management to derive the purchase price offer. The report differentiates between intangible assets and property, plant, and equipment. As intangible assets were identified: the trademark with a Relief-from-Royalty method (RfR) with an amount of kUSD 546, with a reproduction cost method we identify technology platform with kUSD 237 and vendor contracts amounted to kUSD 12,880.

Given the total purchase price of kUSD 6,500, the excess of the total purchase price over the net amounts assigned to the assets acquired and liabilities assumed is determined to represent goodwill amounted to kUSD 3,901.

The amounts stated for the identifiable assets acquired and liabilities assumed are shown in the following table:

in kUSD	
Identifiable intangible assets	17,564
Property, plant and equipment	71
Current assets	13,491
Current liabilities and provisions	-25,471
Deferred tax liabilities	845
	6,500
Total consideration fulfilled by:	
Payment methods	6,500
Cash received	0
Net Consideration transferred in cash	6,500

3.2. Acquisition of Platform 161 B.V.

On 13 July, 2020, MGI acquired Platform 161, a leading demand-side platform (DSP) for programmatic advertising that automates the purchase of advertising space and advertising inventory. The company has its 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 half of total advertising expenditure in 2019 was spent online via Programmatic Advertising. Based on the statistics and strategy to grow in the media segment, MGI decided for the acquisition and use the synergies of Platform 161 for the brand Verve.

For the purchase price allocation MGI engaged EY (Ernst & Young GmbH) for preparing an independent purchase price allocation report for identifying acquired tangible and intangible assets and liabilities of Platform 161. The share deal of Platform 161 is a business combination within the meaning of IFRS 3 Business Combinations. They provided estimates of fair value for those assets and liabilities, as defined below, as of 13 July 2020. For the purchase price allocation (PPA), the management provided EY a business plan of Platform 161 which was used by the management to derive the purchase price offer. The report differentiates between intangible assets and property, plant, and equipment. As intangible assets were identified and valuated: the customer-relationship amounted to kEUR 1,063 and with a historical development cost approach EY measured the identified technology platform with kEUR 3,779.

The amounts stated for the identifiable assets acquired and liabilities assumed are shown in the following table:

in kEUR	
Identifiable intangible assets	7,163
Property, plant and equipment	58
Current assets	2,537
Current liabilities and provisions	-6,696
Non-current liabilities	-350
Deferred tax liabilities	-804
	1,908
Total consideration fulfilled by:	
Payment methods	1,908
Cash received	-71
Net Consideration transferred in cash	1,837

The fixed purchase price amounted to kEUR 4 with a total payable consideration due to payments to creditors of kEUR 1,908 and the exceeded amount over the net amounts assigned to the assets acquired and liabilities assumed is allocated as goodwill with an amount of kEUR 2,321.

3.3. **Acquisition of freenet digital GmbH**

On September 30, 2020, MGI acquired freenet digital and its subsidiaries and consolidated on 1 October 2020 for the first time. freenet digital is a leading mobile games distributor via its own platform. freenet was founded in 2000 in Berlin, Germany. With a distribution of over 1,500 mobile games, it will improve the mobile games strategy of the Gaming unit.

EY (Ernst & Young GmbH) was engaged and prepared an independent purchase price allocation report for identifying acquired tangible and intangible assets and liabilities of freenet digital. The acquisition of the shares of freenet digital is a business combination within the meaning of IFRS 3 Business Combinations. They provided estimates of fair value for those assets, as defined below, as of 30 September 2020. For the purchase price allocation (PPA), the management provided EY a business plan of freenet digital which was used by the management to derive the purchase price offer. The report differentiates between intangible assets and property, plant, and equipment. As intangible assets were identified: customer related intangible assets with a fair value of kEUR 733 and technology-based intangible assets of Vene platform of kEUR 1,286 based on their historical development costs.

The amounts stated for the identifiable assets acquired and liabilities assumed are shown in the following table:

in kEUR	
Identifiable intangible assets	7,110
Property, plant and equipment	61
Current assets	6,600
Non-current assets	3
Current liabilities and provisions	-5,381
Deferred tax liabilities	-199
	8,194
Total consideration fulfilled by:	
Payment methods	8,194
Cash received	-4,250
Net Consideration transferred in cash	3,944

In accordance with IFRS 3 Business Combinations, an acquiring entity shall allocate the cost of the acquired assets and assumed liabilities based on their fair values of all assets and liabilities as of acquisition date. If the consideration of transferred is higher than the fair value of net assets acquired, this difference is accounted for as goodwill. Goodwill recognised from the acquisition of freenet digital amounted to kEUR 5,091. The trade receivables and received cash have a book value of kEUR 2,024 and kEUR 4,250, respectively. The purchase price of freenet digital was kEUR 8,194.

3.4. **Acquisition of LKQD**

On 4 January 2021, MGI acquired via a US subsidiary, Nexstar Inc.'s digital video advertising technology platform, formerly LKQD. The digital video platform reaches over 200 million unique monthly users in the US across desktop, mobile, in-app, and connected TV devices and provides MGI's media segment with sophisticated video advertising capabilities as it continues to scale its business following other acquisitions last years, including AppLift, PubNative and Platform 161.

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 Verve Group's already robust portfolio of advertising services, while also giving it unique access to CTV and OTT inventory — an area of rapid growth within the digital advertising ecosystem. The purchase of LKQD amounted to kUSD 3,000. 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.

3.5. **Acquisition of KingsIsle Entertainment Inc.**

On 29 January 2021, MGI acquired via gamigo AG the KingsIsle Entertainment Inc. ("KingsIsle"), a leading game developer and publisher, based in Austin, Texas, USA, 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 (the "Consideration"), plus up to USD 84 million that may be paid to the sellers as earn-out payments (the "Earn-out Payment"), 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 to 5 years. 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.

4. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interest in accordance with the accounting policy described in Note 2:

Name	Country of incorporation	Principal activities	Parent		direct non-controlling interest	
			Ownership interest 2020 %	Ownership interest 2019 %	Ownership interest 2020 %	Ownership interest 2019 %
gamigo AG	Germany	Online Games	99.88	52.63	0.12	47.37
ReachHero GmbH	Germany	Influencer Platform	100.00	67.38	0.00	32.62

Name	Country of incorporation	Principal activities	Parent		indirect non-controlling interest	
			Ownership interest 2020 %	Ownership interest 2019 %	Ownership interest 2020 %	Ownership interest 2019 %
Held by gamigo group						
Mediakraft Turkey Yayin Hizmetleri A.S.	Turkey	Social marketing	100.00	80.00	0.00	20.00
Held by ME mobile group						
Verve Group Europe GmbH (formerly PubNative GmbH)	Germany	Adtech	100.00	89.20	0.00	10.80
PubNative China WFOE	China	Adtech	99.00	89.20	0.00	0.00
AppLift Brazil Limitada	Brazil	Adtech	99.00	99.00	1.00	1.00
AppLift India Technologies Private Ltd.	India	Adtech	99.99	99.99	0.01	0.01

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interest that is material to the MGI group is set out below:

Summarised statement of financial position	*gamigo group*	
in kEUR	2020	2019
Current assets	3,455	15,681
Non-current assets	13,287	36,102
Total assets	16,742	51,783
Current liabilities	4,908	14,344
Non-current liabilities	8,183	22,869
Total liabilities	13,092	37,213
Net assets	**3,651**	**14,570**

Summarised statement of profit or loss and other comprehensive income

in kEUR	2020	2019
Revenue	11,874	22,883
Expense	-11,283	-22,098
Profit before income tax expense	591	785
Income tax expense	-137	322
Profit after income tax expense	454	1,107
Other comprehensive income	-376	0
Total comprehensive income	**77**	**1,107**
Other financial information		
Profit attributable to non-controlling interest	77	1,107

Due to the acquisition of 100% shares in Verve Group Europe GmbH (formerly PubNative GmbH) as subsidiary of AppLift group and 100% shares of ReachHero it’s not material to summarise intrayear performance in the financial statements.

5. Segment Information

a) *Products and services from which reportable segments derive their revenues*

Under IFRS 8, on the basis of the internal reporting, operating segments are to be defined across group divisions that are subject to a regular review by the Chief Operating Decision Maker of the Company with respect to decisions on the allocation of resources to these segments and the assessment of segment performance. Information reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance is focused on the two segments of Gaming and Media.

Games

In the Games division, online, console and mobile games are made available to end customers, supported, operated and often further developed internally. Furthermore, the division offers and operates advertisement platform services mainly for mobile, online and console games, including casual games, role-play games and strategy games. It markets its products and services to customers in Europe, North and South America as well as Asia with the focus being on Europe and North America. Games are licensed exclusively, either worldwide or for certain regional territories. In Asia, the Group does not market its games directly but makes the games available in cooperation with license partners.

The so-called free-to-play Massively Multiplayer Online Games (MMOGs) account for the most important share of revenue in the Group portfolio. Free-to-play means that the consumers in general play free of charge but can acquire goods for a fee (so-called "items") that increase the gaming experience and/or facilitate faster success, in particular, by adding new equipment or new functions for the game characters. By means of this business model, revenue has the potential to scale better as customers usually do not just pay once but, thanks to various incentives in the games, are motivated to invest money in the games on a continuous basis and over a longer period of time. MMOG means that, often, several thousands of players meet and interact with one another in an arena or server environment. Due to the large number of co-players who play the game at different times and are frequently linked to one another through gamers communities (so-called "guilds" or "clans"), in most cases, the users play a game over several months or even years. Within the MMOGs, there is a technical difference between browser games (games are played in the browser online), client games (games are first downloaded, and the client is saved on the PC, however, during the game, players must be online in order to be able to communicate with the server) and console games (games are played online on consoles such as Xbox and PlayStation). In addition, the portfolio includes games that can be played on Facebook and/or on mobile end devices (iOS and Android). In these types of games, apart from the items that can be paid for, advertisements and advertising videos are also shown.

The Group has various MMOGs, especially anime and fantasy role plays, strategy and shooter games. The casual games that are also marketed by the Group, typically are simpler games which are not that intensive and are mostly played for shorter periods of time (these especially comprise puzzles, quizzes and skill games).

Currently, the Group offers over 10 MMOGs and more than 5,000 casual games. These include various MMOGs, e.g. Fiesta Online and Shaiya, which have been on the market for many years now. The revenue generated by these games, if the games are well supported and marketed, usually shows only slight churn, but with MGI optimising marketing and improving the game content the revenue returned into growth.

The Group has driven its growth in the Gaming division to a large extent by market consolidation. The acquisition of new customers for the games offered by the Group is done via marketing to the Group's own customer base and on portals. In addition, the Group's games are offered via the Media advertising companies of the Group and, among others, on their portals or through other advertising measures. In selling its games, the Group also works with a large number of third-party customer acquisition and sales channels (including partner websites, TV broadcasting companies, print media, telecommunications providers and marketing partners).

Media

Besides the Games division, the Group has been developing the Media and platform services that are offered to business customers. For the most part, the same systems and infrastructures are used in the background of the advertisement and platform services that are used in the context of game publishing. Media services (online advertising, own portals, influencers and social marketing) are offered to third parties but are also used for the own gaming companies. While the advertisement platform modules were in the beginning primarily used for the Group's own user acquisition activities, the user acquisition infrastructure is now available on a 'software-as-a-service' basis to third party game publishers and app developers with a strong increasing demand and revenue base mainly in the games vertical. In the Media segment services are now concentrated under the Brand “Verve Group where further synergies are also driven by acquisitions.

On the one hand, synergies are boosted on the sales side at Verve Group, such as servicing Platform 161 customers through Verve Group Europe supply. On the other hand, the online video production expertise of the Mediakraft Group is also used for adspree media GmbH campaigns, ReachHero campaigns and to generate video content for gaming portals. In 2019 Media and Games Invest starts to conquer the mobile advertising market with acquisitions of ME mobile GmbH (formerly AppLift GmbH) and Verve Group Europe GmbH (formerly known as PubNative GmbH) followed by the acquisition of Platform 161 in 2020. Since then, MGI’s media segment is a fast-growing part of the Group. The mobile advertising market runs under the brand Verve and uses all technology-based synergies from Verve Group Europe’s Supply-Side-Platform (SSP), with Platform 161 and LKQD’s Demand-Side-Platform (DSP) to offer the clients a holistic mobile advertising product. The COVID-19 crisis impacts the mobile advertising market significantly, but due to a strong focus on clients from the gaming, insurance and ecommerce industry, the Media segment revenues drop only for a short time in April 2020 and since then, the Media segment outperformed all forecasts and planning.

b) *Segment revenues and segment results*

	GAMES	MEDIA	Consolidated
	31-Dec-20 kEUR	31-Dec-20 kEUR	31-Dec-20 kEUR
Revenues	**75,188**	**65,032**	**140,220**
EBITDA	**21,449**	**5,100**	**26,549**
Depreciation and amortisation			-15,508
Financial income			350
Financial expenses			-7,490
Earnings before taxes (EBT)			**3,901**
Income taxes			-1,194
Net result from continuing operations			**2,707**

The Group does not use geographical information for purposes of internal controlling nor for management reports. A separate collection of such data would result in disproportional costs.

Due to the structure of customers in the Gaming segment, there are no customers that constitute a proportion of more than 10 percent of the Group's revenues. The Media segment in general is characterised by a large number of Fortune 500 customers. There are no customers that are responsible for more than 10 percent of Group's revenues.

The accounting policies of the reportable segments correspond to the Group accounting policies described above. The segment result represents the result that each segment generates with allocation of the share of the central administrative costs including the remuneration of the Governing Board. The segment results are reported to the Group's Chief Operating Decision Maker for the purpose of resource allocation to the segments and the assessment of segment performance.

c) *Segment assets*

	31-Dec-20 in kEUR	31-Dec-19 in kEUR
Games	290,476	251,753
Media	95,366	60,696
Total segment assets	**385,842**	**312,449**
Consolidated total segment assets	**385,842**	**312,449**

For the purpose of monitoring segment performance and allocating resources to segments, the Group's Chief Operating Decision Maker monitors the tangible, intangible and financial assets attributable to the individual segments. All assets including goodwill are allocated to the reportable segments. As mentioned in section 2.10.b MGI engaged an independent BIG4 advisor in 2020, for impairment test of the goodwill and the segments goodwill allocation. Based on the valuation results, the recoverable amounts exceed the carrying amounts for both CGUs as at 31 December 2020. The conclusion of the independent BIG4 advisor is, no impairment results.

6. Intangible assets

The development of book value is as follows:

in kEUR	31-Dec-20	31-Dec-19
Internally generated intangible assets	23,371	12,192
Other intangible assets	84,325	72,669
Advance payments on intangible assets	1,118	1,008
Goodwill	164,015	147,339
Total	**272,829**	**233,208**

The development of book values was as follows:

in kEUR	Internally generated intangible assets	Other intangible assets	Advance payments on other intangible assets	Goodwill	**Total**
Balance as of 1 Jan 2020	**12,192**	**72,669**	**1,008**	**147,339**	**233,208**
Additions	14,877	19,793	110	16,676	51,456
Amortisation	-3,698	-8,137	0	0	-11,835
Disposals	0	0	0	0	0
Balance as of 31 Dec 2020	**23,371**	**84,325**	**1,118**	**164,015**	**272,829**

For the purpose of impairment testing, goodwill is allocated to the following cash-generating units:

in kEUR	31-Dec-20	31-Dec-19
Games	113,704	100,317
Media	50,311	47,022
Total Goodwill	164,015	147,339

The intrinsic value of this goodwill was confirmed by the impairment tests carried out on the reference date for the annual financial statements. The goodwill is tested at the level of the business segments Gaming and Media, as this corresponds to the approach of the internal control of the Group. The cash-generating units consist of the Gaming and Media business segments.

The impairment tests are based on the calculation of the amount that can be generated by the cash generating units based on their value in use. In 2020 Media and Games Invest engaged a BIG4 advisor for an independent impairment test of the goodwill according to IAS 36. For this valuation, cash flow forecasts are used that are based on a financial planning approved by the company management for five years. As in the previous year, cash flows for the five-year period do not include a growth rate. The games segment projects revenues to grow slightly at CAGR, as well on the media segment. Gross margins of more than 50% and EBITDA margins of more than 30% were assumed. The assumed EBITDA margins are based on historical experience or have been forecast based on cost-cutting measures that have been initiated. The cash flows were discounted using the discounted cash flow (DCF) method at

6.5% for gaming segment and 7.9% for media. The weighted average cost of capital used for discounting reflects the risk-adjusted interest rate before tax derived from the capital market (weighted average cost of capital). Overall, in the independent valuation report the recoverable amounts exceed the carrying amounts, which implies no impairment for financial year 2020.

7. Property, plant and equipment

The book value of the property, plant and equipment as of the reporting date can be derived from the following table:

in kEUR	31-Dec-20	31-Dec-19
Property, plant and equipment	1,742	3,521

The development of book values was as follows:

kEUR	
Balance as of 1 Jan 2020	**3,521**
Additions	1,718
Acquisitions through business combination	176
Depreciation	-3,673
Disposals	0
Balance as of 31 Dec 2020	1,742

Property, plant and equipment primarily consists of operating and business equipment as well as IT equipment, which also relates to the main additions. The acquisitions through business combination are the RoU assets in accordance with IFRS 16.

8. Deferred tax assets

The accrual/deferral of deferred taxes is done pursuant to the liability method pursuant to IAS 12 *Income taxes*. The tax rates that apply and/or have been agreed upon and are known on the reference date of the annual financial statements are used.

The deferred tax assets in the amount of kEUR 21,937 (2019: kEUR 15,247) relates to the probable future utilisation of tax loss carry forwards. Deferred tax assets and liabilities were netted for identical tax subjects, resulting in total deferred tax assets of kEUR 15,736 (2019: kEUR 11,215). Further explanations on the deferred taxes can be found in Note 22 Deferred tax liabilities and Note 35 Income taxes.

9. Investments in associated companies

As at 31 December 2020, the Group shows kEUR 1,094 (2019: kEUR 6,410) in this position. They are relating to the investment in a US-based LLC and in a German-based GmbH.

Refer to Note 2.6 for the accounting policy on investments in associated companies.

10. Financial assets

As at 31 December 2020, the Group discloses other non-current financial assets of kEUR 2,065 (2019: kEUR 2,239) and other current financial assets of kEUR 3,823 (2019: kEUR 427). The increase in other current financial assets is mainly due to an escrow amount (kEUR 2,447) transferred for an asset deal by the end of the financial year.

Both the non-current financial assets and the other current financial assets (mainly receivables due from employees and other parties as well as security deposits) are held by the Group in a business model whose objective is to hold financial assets to collect the contractual cash flows and whose contractual terms exclusively represent interest and principal payments on the outstanding nominal amount. Accordingly, all these financial assets are measured at amortised cost.

Refer to Note 19 for additional information on financial instruments.

11. Impairment of financial assets

There is no default risk in determining the value adjustments of loans to related parties.

In the current reporting period, there were no changes in the estimation methods or significant assumptions regarding the determination of the value adjustments.

12. Trade receivables

The trade receivables reported have a remaining term of up to one year.

The Group derecognises a trade receivable when information is available that indicates that the debtor is in significant financial difficulty and there is no realistic prospect of payment. This would be the case, for example, if the debtor is in liquidation or insolvency proceedings or if the trade receivables are more than two years past due, whichever comes first. None of the derecognised trade receivables are subject to enforcement measures.

The trade receivables aging developed as follows:

		past due			
in kEUR	Carrying amount (not due)	1 – 30 days	31 – 180 days	More than 180 days	Book values
31-Dec-20	31,687	3,099	1,501	722	37,009
31-Dec-19	12,501	2,707	1,429	410	17,047

The Group has recognised a loss of kEUR 2,090 in profit or loss at media segment in respect of the expected credit losses for the year ended 31 December 2020. MGI has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as of 31 December 2020 and rates have increased in each category up to 6 months over-due.

13. Other current non-financial assets

The following positions are included:

in kEUR	31-Dec-20	31-Dec-19
VAT Receivables	1,072	814
Prepaid expenses and deferred charges	2,103	3,340
Other non-financial receivables	1,983	1,088
Total	**5,158**	**5,242**

14. Cash and cash equivalents

Cash and cash equivalents amounted to kEUR 46,254 as of 31 December 2020 (2019: kEUR 32,984).

15. Non-cash transactions

Significant non-cash transactions result from the application of IFRS 16, share-based payment and from the acquisition of the material assets and liabilities of Verve Wireless Inc., acquisition of shares Platform 161, freenet digital group and increase in shareholders' capital.

16. Shareholders' equity

The Company has an authorised capital of 300,000,000 ordinary shares as of 31 December 2020 with a nominal value of EUR 1.00 which do not entitle the subscriber to a fixed profit. As of 31 December 2020, 117,073,507 ordinary shares (2019: 70,020,000) were issued and fully paid.

	Number of shares		Common stock		Additional paid-in capital	
in kEUR	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Issued and fully paid-in capital: ordinary shares of par value EUR 1.00	117,074	70,020	117,074	70,020	57,305	25,127

During the year ended 31 December 2020, the parent company increased its by kEUR 47,054 to kEUR 117,074. The premium associated with the capital increase amounted to kEUR 6,026 in 2020 which resulted to the increase in the share premium by the same amount. Additional transaction was performed by exchanging shares in gamigo AG between non-controlling interest and the Company leading to an increase of capital reserves of kEUR 29,091 and a decrease in non-controlling interest at the amount of kEUR 67,294. The purchase price for the remaining non-controlling interest was kEUR 16,500 and decrease the non-controlling interest for gamigo AG with a total amount of kEUR 67,294. The remaining non-controlling interest of gamigo AG is 0.12%.

a) *Cash-settled share-based payment transactions*

Media and Games Invest signed a share-based agreement according to IFRS 2 on 20 May 2020. The external independent valuation firm BAV Ludwig GmbH classified the phantom share program as a cash-settled share-based payment transaction to employees for service. The equity instruments do net vest until the employee completes a specified period of service. Fair values of the phantom shares were determined on the measurement date as of 31 December 2020.

BAV Ludwig GmbH used a financial mathematical valuation for accounting purposes in accordance with IFRS 2. Based on all parameters; grant date, vesting conditions, volatility, exercise price, lifetime of the option, current price of the underlying shares, risk-free interest and others, the total vested amount is kEUR 2,209 as of 31 December 2020. The amount is recognised as bonus expense in the consolidated statement of profit or loss with reference to Note 31 Employee benefits expense.

In the period from 1 January to 31 December 2020, the Group did not grant any share-based options to the employees of the Company. On 11 January 2021, the Company granted to Bodhivas GmbH the option to acquire 15,000,000 shares of the Company for a purchase price of EUR 2.60 per share until 31 December 2030.

No dividend payments were made in the presented periods.

Capital Management

The Company fundamentally pursues the goal of generating an appropriate return on the capital used. The equity position shown in the consolidated statement of financial position of the Group, however, is merely used as a passive control criterion. The revenue and the EBITDA are used as active management parameters. The goal of the Company is to make substantial investments in the development of the corporate group, in particular for M&A activities, although they burden the short-term earning capacity of the company to a considerable extent. These growth targets mean that classic return criteria are not always at the forefront in this growth phase. The investments associated with this are the basis for the Company's long-term success. The Company is striving to remain a profitable corporate group in the short and long-term.

17. Financial liabilities

The financial liabilities are divided into the following classes:

in kEUR	31-Dec-20	31-Dec-19
Lease liabilities (current)	1,367	1,409
Lease liabilities (non-current)	249	1,365
Bonds (non-current)	95,355	63,988
Interest on bonds (current)	632	1,180
Other financial liabilities (current)	16,988	4,183
Other financial liabilities (non-current):		
Liabilities due to related parties	2,500	4,563
Remaining liabilities	8,922	2,441
Total	**126,013**	**79,129**

Regarding the bonds, please refer to Note 20. The fully owned subsidiary blockescence DLT solutions GmbH withdraw in Q1 2020 an UniCredit term loan in the amount of EUR 10 million, with an interest rate of 5.5% and a term of three years to finance part of the minority buyout of gamigo AG. EUR 2.5 million of the loan were repaid on 30 June 2020. The current outstanding volume per 31 December 2020 is EUR 7.5 million.

	Liabilities			Equity				
	Other loan and borrowings	Bond	Lease Liabilities	Share capital/ premium	Reserves	Retained Earnings	NCI	**Total**
Balance at 1 January 2020	12,322	63,988	2,774	71,833	23,314	2,921	70,490	247,642
Changes form financing cash flows								
Proceeds from issue of share capital				53,080	29,091			82,171
Proceeds from issue of bond		79,615						79,615
Proceeds from loans and borrowings	17,268							
Acquisition of NCI							67,294	-67,294
Repayment of bond		51,938						-51,938
Payment of lease liability			-2,904					
Total changes from financing cash flows	**17,268**	**27,677**	**-2,904**	**53,080**	**29,091**	**0**	**67,294**	**42,554**
Changes arising from obtaining or losing control of subsidiaries or other businesses					**-2,939**		**-2,856**	**-5,795**
The effect of changes in foreign exchange rates								**0**
Changes in fair value								**0**
Other changes								
New leases			1,746					1,746
Interest expense	5,341	3,690	128					9,159
Interest paid	-5,889		-128					-6,017
Total liability-related other changes	**-548**	**3,690**	**1,746**					**4,888**
Total equity-related other changes						**-515**	**-280**	**-795**
Balance at 31 December 2020	29,042	95,355	1,616	124,913	49,466	2,406	60	302,858

The development of financial liabilities as at 31 December 2020 is as follows:

in kEUR	01-Jan-20	Additi-ons/ Pro-ceeds	Reclassi-fication	Payment	Interest accre-tion	31-Dec-20
Lease liabilities (current)	1,409	1,367	1,495	-2,904		1,367
Lease liabilities (non-cur-rent)	1,365	379	-1,495			249
Bonds (non-current)	63,988	79,616		-51,938	3,689	95,355
Interest on bonds (cur-rent)	1,180	5,341		-5,889		632
Other financial liabilities (current)	4,183	13,773		-968		16,988
Other financial liabilities (non-current):						
Liabilities due to re-lated parties	4,563			-2,063		2,500
Remaining liabilities	2,441	6,481				8,922
Total	79,129	106,957	0	-63,762	3,689	126,013

The maturity analysis of the financial liabilities as at 31 December 2020 is as follows:

in kEUR	up to 1 year	1 to 5 years
Lease liabilities (current)	1,367	
Lease liabilities (non-current)		249
Bonds (non-current)		95,355
Interest on bonds (current)	632	
Other financial liabilities (current)	16,988	
Other financial liabilities (non-current):		
Liabilities due to related parties		2,500
Remaining liabilities		8,922
Total	**18,987**	**107,026**

The weighted average effective interest rate is as follows:

in %	31-Dec-20	31-Dec-19
Bank loans	2.75	2.75
Loans from related parties	4.0	4.0
Other loans	9.5	9.5
Bonds	6.1	10.5

Analysis of other financial liabilities by currency as at 31 December 2020:

in kEUR	in EUR	in USD	Other currencies	Total
Lease liabilities (current)	1,066	204	97	1,367
Lease liabilities (non-current)	249			249
Bonds (non-current)	95,355			95,355
Interest on bonds (current)	632			632
Other financial liabilities (current)	16,739	194	55	16,988
Other financial liabilities (non-current):				
Liabilities due to related parties	2,500			2,500
Remaining liabilities	8,922			8,922
Total	**125,463**	**398**	**152**	**126,013**

Analysis of other financial liabilities by currency as at 31 December 2019:

in kEUR	in EUR	in USD	Total
Lease liabilities (current)	100	1,309	1,409
Lease liabilities (non-current)	1,365		1,365
Bonds (non-current)	63,988		63,988
Interest on bonds (current)	1,180		1,180
Other financial liabilities (current)	2,568	1,615	4,183
Other financial liabilities (non-current):			
Liabilities due to related parties	4,563		4,563
Remaining liabilities	2,441		2,441
Total	**76,205**	**2,924**	**79,129**

18. Other non-financial liabilities

The other non-financial liabilities include:

in kEUR	31-Dec-20	31-Dec-19
Liabilities from taxes	5,856	3,479
Liabilities to employees and social securities	1,384	592
Miscellaneous other liabilities	1,937	1,990
Deferred income	2,747	4,561
Purchase price liabilities	0	4,291
	11,924	**14,913**

19. Reporting on financial instruments

Classes and categories of financial instruments and their fair values

As at December 31, 2020, the Group does not hold any financial instruments whose carrying amounts differ materially from their fair values, so that a reporting of fair values is not included.

Risks from Financial Instruments

Typical risks from financial instruments are the credit risk, the liquidity risk and the individual market risk. The risk management system of the Group is depicted in the risk report of the consolidated management report including its goals, methods and processes. On the basis of the information depicted below, we do not see any explicit risk concentrations from financial risks.

Credit Risks

The Group reduces the default risk of original financial instruments through trade information, credit limits and debtor management including dunning and proactive collection. In addition, to the best of its knowledge, the Group only concludes transactions with solvent customers. The maximum default risk results from the carrying amounts of the financial assets recognised in the statement of financial position. As disclosed in Note 11 and due to the Coronavirus (COVID-19) pandemic, credit losses are recognized, if any. The Group has written off the corresponding trade receivables. The overall remaining credit risk is still low.

Liquidity Risks

The operational liquidity management covers a cash controlling process through which there is a merging of liquid funds. Liquidity surpluses and requirements can thus be managed in accordance with the Group's requirements and those of individual Group companies. The due dates of financial assets and financial liabilities and estimates of the cash flow from operational activity are included in the short-term and medium-term liquidity management. Cash and cash equivalents totalling kEUR 46,254 (2019: kEUR 32,984) are available to cover the liquidity requirements. The liquidity risk is classified as low overall.

Market Risks

Market risk is understood to be the risk that the fair values to be applied or future payment streams of an original or derivative financial instrument will fluctuate as the result of changes in the risk factors and the risk that the fair value to be applied to the bond will change.

Currency Risks

Changes in exchange rates can result in unwanted and unforeseeable volatilities of results and payments streams.

As a result of the international alignment of the Group in the direction of the USA, there are currency risks within the framework of the business activity. The risk on the basis of the functional currency is to be classified as low as the US subsidiaries generate income and expenses in US dollars. For this reason, there was no hedging of currency. With the acquisition of AppLift Group there is also a low risk recognized for currency exchange for business activity in Brazil with BRL.

Translation Risks

At Group level, there is a translation risk that results from consolidation of subsidiaries that do not carry out their accounting in euros. The largest risk position is the US dollar and/or its respective change in relation to the euro. The long-term exchange risk that exists with investments in shareholdings that do not carry out their accounting in euros is rated continuously. From this translation risk with regard to the US subsidiaries, with an increase of the euro compared to the US dollar of 10% there would be no fundamental effect on the Group equity and the Group´s consolidated statement of profit or loss.

Interest Risks

The scope of the third-party financing associated with variable interest is mainly due to the bond, meaning that there is a risk resulting from volatile interest rates. Due to the current low-interest phase, the risk is considered to be low.

20. Bond

On 10 October 2019, the Group, through Media and Games Invest, issued an unsecured bond loan (ISIN: DE000A2R4KF3) with a total framework of EUR 25 million in a well-chosen private placement, primarily on the continental European bond market. The bond has a total volume of up to EUR 25 million. The proceeds are intended to be used to optimize the investment structure, further M&A and general corporate purposes. The bearer bonds have a nominal amount of EUR 1,000. The interest coupon amounts to 7.00 percent p. a. with a quarterly interest payment. The bond has a term until 11 October 2024 at the latest. An early repayment by the issuer is possible as a whole or in part for the first time in October 2021 at 103 percent of the nominal value. Other early repayment possibilities exist in October 2022 (102 percent) and in October 2023 (101 percent). The covenants of the bond, among others, require a minimum equity ratio of MGI of 25 percent. The bond is listed for trading in the open market of the Frankfurt Stock Exchange since 11 October 2019. The transaction was accompanied by the ICF BANK AG as Sole Lead Manager.

On 27 November 2020, the Group, through Media and Games Invest, issued a senior secured bond loan (ISIN: SE0015194527) with a total framework of EUR 80 million in a well-chosen private placement, primarily on the Nordics and continental Europe bond market. The proceeds are intended to be used to optimize the investment structure, further M&A and were used to pay back the gamigo AG bond of EUR 50 million in December 2020 for a stronger financial position. The interest coupon amounts to 5.75 percent p. a. with a quarterly interest payment, first time on 27 February 2021. The bond has a term until 11 October 2024 at the latest. An early repayment by the issuer is possible as a whole or in part for the first time in May 2023 at 103 percent of the nominal value. Other early repayment possibilities exist in November 2023 (102 percent) and in May 2024 (101 percent). The bond is traded at the regulated market of Nasdaq Stockholm and at the scale segment (quotation board) in Frankfurt/Germany.

The issued senior secured bond, through gamigo AG, of EUR 50 million was paid back for issuing a new senior secured bond (ISIN: SE0015194527) as mentioned above. The new bond of MGI has an interest coupon amounts to 5.75 percent p. a. compared to the former gamigo AG bond with an interest coupon to 7.75 percent p. a.

21. Leases

The Group leases various assets including buildings, operating and office equipment and software licenses. The lease terms are mainly between one and four years.

RoU assets

The book value of the RoU assets and the depreciation by classes are broken down as follows:

in kEUR	Carrying amount 01-Jan-20	Additions	Depreciation	Carrying amount 31-Dec-20
RoU from building rental	2,269	1,602	2,538	1,333
RoU from IT equipment rental	54	0	54	0
RoU from vehicle lease	0	71	13	58
	2,323	1,673	2,606	1,391

The RoU assets are included in the property, plant, and equipment.

Lease liabilities

in kEUR	31-Dec-20	31-Dec-19
Non-current	64	1,365
Current	1,367	1,409
	1,431	2,774

Maturity analysis

in kEUR	31-Dec-20	31-Dec-19
Up to 1 year	1,367	1,409
More than 1 year and up to 5 years	64	914
More than 5 years	0	0
	1,431	2,323

The implicit interest rate for the lease liabilities cannot be determined easily. Therefore, on 1 January 2020, the Group applied the weighted average value of the Group's marginal borrowing rate of 5.9%. This was determined on the basis of the loans received with a comparable term, which would be available to the Group for the acquisition of the assets Interest expenses on leasing liabilities amounted to kEUR 128 (2019: kEUR 199). The Group has no sale and leaseback transactions.

22. Deferred tax liabilities

Deferred tax liabilities relate to timing differences that have emerged between the carrying amounts of the intangible assets and their tax base (kEUR 24,017; 2019: kEUR 16,990) within the framework of the initial consolidation of the companies acquired, and timing differences between the carrying amount of the bond under IFRS, and its tax base (kEUR 973; 2019: kEUR 467). Deferred tax liabilities of kEUR 6,336 (2019: kEUR 2,453) were recognised on timing differences between the carrying amount of internally generated intangible assets and the tax base and kEUR 463 (2019: kEUR 685) are due to the timing differences of leases in accordance with IFRS 16. The deferred tax liabilities were netted off against the respective deferred tax assets for identical tax items totalling to kEUR 8,133 (2019: kEUR 4,031), resulting in deferred tax liabilities in an amount of kEUR 23,766 (2019: kEUR 16,990) after netting.

23. Current provisions and accruals

in kEUR	Balance as of 01-Jan-20	Initial consolidation Verve, Platform 161, ME digital	Utilisation	Release	Additions	Balance as of 31-Dec-20
Personnel-related obligations	1,025	795	974		4,193	5,040
Audit and closing costs	360		360		394	394
Tax accruals	2,341		2,341		146	146
Accrued operational invoices	6,149	2,934	6,541		7,231	9,772
Accrued consulting costs	1,611		1,218		1,202	1,595
Remaining provisions	1,100		654	446	311	311
	12,585	**3,729**	**12,088**	**446**	**13,477**	**17,257**

Accruals are made for current, legal, and de facto obligations resulting from past events that are likely to lead to a future economic burden and whose size can be reliably estimated.

If a changed estimate results in a reduction in the size of the obligation, the provision is reversed accordingly and the income is posted in the area that was originally charged with the expense when the provision was formed.

Other provisions include litigation obligations, obligations for license costs and revenue shares, as well as milestone payments for various games.

All provisions have a term of up to one year.

24. Trade payables

Trade payables mainly comprise outstanding amounts for the purchase of goods and services as well as current costs.

Most suppliers do not charge interest for the first days after invoicing. Subsequently, different interest rates are payable on the outstanding amount.

The Management Board is of the opinion that the carrying amount of trade payables generally corresponds to their market value.

25. Litigation and contingent liabilities

Litigation and other legal proceedings often raise complex issues and are subject to numerous uncertainties and difficulties, due to the facts and circumstances of each case, the court at which the lawsuit is pending, and differences in applicable law, among other things. The outcomes of currently pending or future proceedings are generally not predictable. The Group could incur expenses as a result of the final judgment in a court proceeding, official decisions or a settlement; due to the inability to be calculated reliably, provisions will not be made for such expenses that go beyond the provision made for this purpose.

In the case of pending or future legal proceedings, using the information available to the legal department of the Group and in close consultation with the lawyers working for the Group, a review will be carried out as to whether and to what extent the Group should account for provisions. To the extent that one set of these proceedings is reasonably likely to lead to reliably measurable cash outflows today, the present value is recognised as a provision for litigation. These provisions cover the estimated payments to the claimants, the legal and procedural costs, the costs for lawyers, and any settlement costs. At the end of reporting period, the internal and external legal advisors determine the current status of the Group's main legal risks. On this basis, it is checked whether and, if so, to what extent a provision needs to be created or adjusted. Information relevant to potential value is taken into account up to the time of preparation of the consolidated financial statements.

The MGI group is involved in various legal disputes relating to its general business activities, especially in court cases and arbitrations, and more could be initiated or enforced in the future.

Litigation arising from the day-to-day business operations of the Group is understood to mean proceedings against IT service providers, service providers as well as sellers and former partners. The litigation is often the result of M&A transactions. Due to the takeover of loss-making companies and assets, litigation regularly arises after a takeover. Behind the outstanding payment of the amounts is often inadequate service provision or no service provision, or also cases in which parties demand legacy liabilities that were not clearly assumed by the Group, so this must be decided by arbitration or trial. Provisions were made in the amount of kEUR 67 for disputes due to non-payment of claims by IT service providers and other service providers; as well as in the amount of kEUR 1,214 for proceedings based on corporate transactions with former service providers of the acquired company and further procedural risks from corporate transactions.

26. Other financial commitments

All contracts that lead to other financial obligations are classified as leases in accordance with IFRS 16 and taken into account in the statement of financial position.

27. Revenues

Revenues are generated from online sales, console, mobile games and advertisement (casual games, roleplay games and strategy games) as well as media services (platform and advertising services). This is consistent with the revenue figures disclosed for each reportable segment in accordance with IFRS 8 *Business Segments* (refer to Note 5).

in kEUR	FY 2020	FY 2019
Gaming revenue	75,188	43,132
Media revenue (platform services)	65,032	40,761
Total	**140,220**	**83,893**

in kEUR	FY 2020	FY 2019
Proceeds from games	75,256	50,200
Effects from deferred revenue for games	-68	-7,068
Revenues from platform services	67,711	40,761
Effects from the deferred revenue for media	-2,679	0
Total revenue	**140,220**	**83,893**

The item "Effects from deferred revenue for games" contains the netted effect from the addition and release of deferred revenue from revenue recognition from games. As part of the launch of a game, players have the opportunity to use in-game products within the scope of subscription models for the first time.

in kEUR	FY 2020	FY 2019
Receivables that are included in trade receivables and other receivables	2,747	5,995
Contractual liabilities	1,868	4,806

The contractual liabilities relate to the advance payments received from customers for the use of games and media for which sales are realised over a certain period and reflect their value.

As permitted by IFRS 15, no disclosures are made regarding the remaining performance obligations as of 31 December 2020 or 31 December 2019 that have an expected original term of one year or less.

28. Own work capitalised

This item primarily includes personnel expenses in connection with the capitalisation of development costs for the Gaming platform, Demand-Side-platform, Supply-Side-platform and for games which were capitalised as subsequent acquisition costs for intangible assets purchased.

29. Other operating income

Other operating income includes the following items:

in kEUR	FY 2020	FY 2019
Currency exchange gains	3,180	1,120
Release of earn out	1,425	0
Reimbursements	120	198
Gain on bargain purchase	0	2,160
Other income	1,547	1,158
Total	**6,272**	**4,636**

Other income is related to the Group's operating activities and includes income from currency exchange gains, the M&A business such as releases of earn outs, derecognition of purchase price liabilities and income from the sale of companies and rights or licenses.

30. Purchased services

Expense items such as revenue shares, technology, direct advertising expenses, royalties and costs for technology are included in this position.

31. Employee benefits expense

The employee benefits expense of the Media and Games Invest group amounted to kEUR 39,572 (2019: kEUR 27,359).

in kEUR	FY 2020	FY 2019
Wages and Salaries	34,004	22,928
Social contributions	5,568	4,431
Total	**39,572**	**27,359**

In the reporting year, kEUR 3,245 (2019: kEUR 2,521) were spent on the contribution-oriented state plans on pension provision (statutory pension insurance). Additionally, the non-cash share based transaction is recognised as employee benefits expense for the portion of FY 2020 and amounted to kEUR 2,209.

32. Other operating expenses

The other operating expenses include the following expenses:

in kEUR	FY 2020	FY 2019
Consulting expenses	4,630	2,468
Currency exchange expenses	3,827	1,119
IT and communications	2,313	1,161
Legal and tax advisors	1,790	1,863
Auditing fees	537	464
Rental fees	989	884
Travel expenses	520	910
Other administration fees	808	442
Advertising	165	434
Other non-directly attributable expenses	3,166	267
Total	**18,745**	**10,012**

Consulting expenses for IT and business development increased by kEUR 1,560 to kEUR 4,630 (2019: kEUR 2,470) due to the latest acquisitions. The volatility of the USD / EUR price based of the COVID-19 crisis and its uncertainty business climate around the world results in an increase of currency exchange expense of kEUR 2,708 to kEUR 3,827 (2019: kEUR 1,119).

33. Depreciation and amortisation

With regard to the amortisation of intangible assets and the depreciation of property, plant and equipment, we refer to the explanations regarding the intangible assets (Note 6) and property, plant and equipment (Note 7). In the reporting year, no impairment losses on intangible assets or property, plant and equipment were recognised as expenses, as no loss risk was identified.

34. Financial result

The financial income and financial expenses are comprised as follows:

in kEUR	FY 2020	FY 2019
Financial income	350	83
Financial expense	-7,490	-5,841
Total	**-7,140**	**-5,758**

35. Income taxes

The components of the income taxes are as follows:

in kEUR	FY 2020	FY 2019
Current income taxes	-501	-371
Deferred taxes	-693	2,383
Total	**-1,194**	**2,012**

The current income taxes posted mainly comprise taxes on income in Germany for the respective reporting years.

In Malta, no separate corporate income tax system exists. All companies located in Malta are subject to a nominal income tax rate of 35%. The income taxes paid by a company will be imputed/refunded on the level of its shareholders at the time of a dividend payment. This system applies for Maltese shareholders as well as for non-resident shareholders.

The Board of Directors plans to generate revenues via dividend income from its German subsidiary Samarion GmbH.

Foreign income taxes are calculated using the tax rate applicable in the respective countries, which varies from 12.3% to 35.0% (2019: 12.3% to 35.0%). Besides Malta, the Group is also represented in Germany and Switzerland with group companies. In Germany, all group companies, except for gamigo AG, are structured in the legal form of limited liability companies (GmbH), this means they are subject to corporation tax, trade tax and the solidarity surcharge. For these German companies, the tax rate on income is 32.3%.

The Swiss entity is subject to ordinary taxation, the tax on capital and the income tax rate is 12.3%.

In the US, the tax rate at the federal level is 28%. Together with the local corporate income tax, the nominal income tax burden in the US is 26.5% and is perpetual. While the nominal tax rate for corporations in Turkey is 22%, it remained unchanged at 19% in Poland for many years. The deferred taxes for tax loss carry forwards are measured based on the corresponding local tax rate.

The transition of the expected tax expenses of the Group to the actual tax expenses for the reporting periods is depicted in the following table:

in kEUR	FY 2020	FY 2019
Profit/(loss) before tax	3,901	-759
Expected income tax expense at 28.054% (2019: 32.3%)	-1,094	-245
Effects of different tax rates	1,339	-391
Effects from gain of a bargain purchase / goodwill	-1,424	4,601
Expenses and income with no tax effects	180	-1,984
Permanent deviations from deferred taxes	-195	31
	-1,194	**2,012**

The tax rate applied to the above-mentioned reconciliation corresponds to the German companies' tax rate of 32.3% for limited liability companies with its seat in Hamburg (2019: 32.3%) on taxable profits according to the German tax law, which is to be paid by the most important group companies in Germany.

As of 31 December 2020, there was a current income tax receivable of kEUR 132 (2019: kEUR 156) and a current tax liabilities of kEUR 6,002 (2019: kEUR 0). For the amount of tax provisions, refer to Note 23.

Deferred tax assets and liabilities as of reporting date are as follows:

in kEUR	FY 2020	FY 2019
Tax loss carry forwards	21,937	15,246
Valuation of first-time consolidation of subsidiaries	1,456	0
Valuation of IFRS 16 lease contracts	476	0
Total gross deferred tax assets	**23,869**	**15,246**
Less: netting	-8,133	-4,031
Deferred tax assets	**15,736**	**11,215**

in kEUR	FY 2020	FY 2019
First-time consolidation of subsidiaries	24,017	16,990
Valuation of intangible assets	6,336	2,453
Valuation of financial instruments	973	467
Valuation of IFRS 16 lease contracts	463	685
Valuation of other assets and liabilities	110	426
Total gross deferred tax liabilities	**31,899**	**21,021**
Less: netting	-8,133	-4,031
Deferred tax liabilities	**23,766**	**16,990**

Under the tax laws prevailing in Malta tax loss carry forwards may be carried forward and offset against future profits without any time restrictions. Companies forming part of a group may benefit from group relief provisions in respect of allowable losses which are surrendered. However, group relief only applies to companies' resident in Malta, and such companies that are deemed to form part of a group if one or more companies are owned, directly or indirectly, as to at least fifty-one per cent.

The Swiss company has no significant tax loss carry forwards.

The Group assumes to realise deferred tax assets in accordance with IAS 12 to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. However, tax loss carry forwards can only be used in the future if they do belong to taxable income. On this basis deferred tax assets and liabilities are disclosed.

The deferred tax liabilities are mainly due to the temporary differences between the recognition of intangible assets as result of the first-time consolidation of Samarion GmbH (kEUR 14,256).

The deferred taxes result from temporary differences between the tax base of assets and liabilities in the tax accounts of the individual companies and the carrying amounts in the consolidated statement of financial position as well as from tax loss carry forwards. The decisive factor for assessing the recoverability of deferred tax assets is the assessment of the probability of the reversal of the valuation differences and the usability of the tax loss carry forwards. This depends on the occurrence of future taxable profits during the periods in which tax valuation differences reverse and tax loss carry forwards can be utilised. Within the framework of minimum taxation, tax loss carry forwards in Germany can only be used to a limited extent. Accordingly, a positive tax base of up to million EUR 1 is unlimited; amounts in excess of this are to be reduced by an existing loss carry-forward up to a maximum of 60%.

36. Earnings per share

Information about earnings per share is in accordance with IAS 33:

in kEUR	FY 2020	FY 2019
Undiluted	0.04	-0.01
Diluted	0.03	-0.01

The results and the weighted average number of shares for basic earnings per share are as follows:

in kEUR	FY 2020	FY 2019
Profit for the period attributable to the owners of the Company	**3,059**	**-324**
Profit for the period used in the calculation of basic earnings per share	**3,059**	**-324**

in thousands	FY 2020	FY 2019
Undiluted weighted average number of shares for the calculation of basic earnings per share	**85,498**	**60,390**
Diluted weighted average number of shares for the calculation of basic earnings per share	**95,638**	**66,754**

37. Business transactions with related parties

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 36.88% of the Company and 50.69% 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 Sarvasati 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 prior year, the Group has reported various current liabilities to Bodhivas GmbH, Düsseldorf, with a total value of kEUR 2,162 (2020: kEUR 0) under financial liabilities in the consolidated statement of financial position. In addition, the financial liabilities include current liabilities to Jarimovas GmbH, Düsseldorf, in the amount of kEUR 2,500 (2019: kEUR 2,411).

René Mueller was a member of the Board of Directors of the Company until 25 February 2020. René Mueller is a member of the Administrative Board of GSC General Service Center AG, Zug, Switzerland.

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

Tobias M. Weitzel is a member of the Board of Directors of the Company, Malta, since 31 May 2018. He holds 500,000 phantom stock in the company. In the reporting period, the company purchased gamigo AG shares from Tobias M. Weitzel.

Elizabeth Para is a member of the Board of Directors of the Company, Malta since 31 January 2020. She holds 500,000 phantom stock in the company. In the reporting period, the company purchased gamigo AG shares from Elizabeth Para.

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

38. Employees

The average number of employees was:

	2020	2019
Germany	472	419
North America	108	66
Netherlands	18	0
Poland	0	5
Turkey	17	18
China	10	9
Brazil	15	8
India	11	7
Japan	3	3
Korea	1	3
Sweden	1	0
Spain	4	0
Total	**660**	**538**

39. Auditors’ fees for annual financial statements

For the services provided in the financial years 2020 and 2019 by the auditor, the following fees were recorded as expenses for the audits of the respective annual financial statements:

in kEUR	FY 2020	FY 2019
Services as an auditor of the annual financial statements - Group	45	42
Services as an auditor of the annual financial statements - component	457	341
Other assurance services	35	0

40. Governing board of the Company and remuneration

In the business year from 1 January to 31 December 2020, the Board of Directors of the Company comprised the following persons:

- Elizabeth Para
- Remco Westermann
- Tobias Weitzel

Thomas Jacobsen is Secretary of the Company.

The Board of Directors did not receive any remunerations for the periods presented.

As at 31 December 2020, as in the entire year and the previous year, there were no advances or loans to members of the Management Board or the Supervisory Board.

41. Events after the end of reporting period

The following events are to be reported as fundamental changes taking place after the end of reporting period:

LKQD ACQUISITION

On January 4, 2021, MGI acquired via a US subsidiary Nexstar Inc.'s digital video advertising technology platform, formerly LKQD. The digital video platform reaches over 200 million unique monthly users in the US across desktop, mobile, in-app, and connected TV devices and provides MGI' media segment with sophisticated video advertising capabilities as it continues to scale its business following other acquisitions 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 Verve Group's already robust portfolio of advertising services, while also giving it unique access to CTV and OTT inventory — an area of rapid growth within the digital advertising ecosystem.

ISSUING OF EUR 15M SHARE OPTIONS AS PART OF THE ESOP PROGRAM

On January 11, 2021, the MGI board decided to launch a 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 strike price of Euro 2.60 per share.

As hiring top key employees as well as retaining employees is becoming more and more of importance in current very competitive labor market the board has decided on 11 January 2021 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 strike price of Euro 2.60 per share. The total maximum number of shares involved is up to 15 million shares. The options will be issued to Bodhivas GmbH, the investment vehicle of the Chairman of the Board and CEO, Remco Westermann, with the sole purpose of executing and serving the obligations of this ESOP program towards the MGI personnel.

KINGSISLE ACQUISITION

On January 29, 2021, MGI acquired via gamigo AG KingsIsle Entertainment Inc. ("KingsIsle"), a leading game developer and publisher, based in Austin, Texas, USA, 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 (the "Consideration"), plus up to USD 84 million that may be paid to the sellers as earn-out payments (the "Earn-out Payment"), 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 to 5 years.

COMPLETED EUR 40M TAP ISSUE

On March 24, 2021, MGI Group successfully placed a EUR 40 million Tap Issue of its listed bond SE0015194527. The Tap Issue was very well received and heavily oversubscribed generating strong interest from Swedish as well as European investors. The tap issue was priced above par, at 100.75%. After the Tap Issue Media and Games Invest has reached the full framework (EUR 120 million) agreed for this bond. The additional bonds will be listed under the same ISIN on Nasdaq Stockholm and Frankfurt Stock Exchange Open Market.

Following the Tap Issue MGI applied for listing of the Subsequent Bonds on the Corporate Bond List on Nasdaq Stockholm (regulated market) and has in connection thereof prepared a prospectus which has been approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA") and published by the Company. The first day of trading was on 21 April 2021.

With a strong line-up of potential M&A cases MGI decided to build a war chest by conducting the Tap Issue. After a good start to the year with strong organic activity and the acquisitions of LKQD and KingsIsle, the management expects to close further M&A transactions in its core business fields, games and media.

Apart from the above-mentioned acquisitions, there were no events or developments that would have resulted in a fundamental change in the recognition or valuation of the individual assets and debt positions as of 31 December 2020.

EXTRAORDINARY GENERAL MEETING

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

42. Approval of the consolidated financial statements

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were approved and released for publication on 28 April 2021.

43. Guarantee of the Board of Directors

In all conscience, we assure, as representative for the Board of Directors of the Company, that the consolidated financial statements for the period from 1 January to 31 December 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, 28 April 2021

Board of Directors

Remco Westermann Director	Tobias Weitzel Director	Elizabeth Para Director	Antonius Fromme Director

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Media and Games Invest plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Media and Games Invest plc set out on pages 14 - 95, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Media and Games Invest plc and its subsidiaries (together, "the Group") as at 31 December 2020, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

We confirm that the audit opinion expressed in this auditors' report is consistent with the additional report to those charged with governance pursuant to Article 11 of the EU Regulation No. 537/2014.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM

INDEPENDENT AUDITORS' REPORT – continued

Report on the Audit of the Consolidated Financial Statements – continued

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for business combinations

During the financial year ended 31 December 2020, the Group completed three acquisitions that have resulted in the Group acquiring controlling interest in Verve Wireless Inc., Platform 161 Holding BV, and Freenet Digital GmbH. The Group accounted for these acquisitions in accordance with IFRS 3 *Business Combinations.*

We considered the accounting for these acquisitions to be a key audit matter as these are significant transactions during the year and involved significant management judgments regarding the allocation of the purchase price to the assets and liabilities acquired. This exercise also required management to determine the fair value of the assets and liabilities acquired and to identify and value intangible assets acquired in the acquisition which involved significant assumptions and estimation uncertainties.

Our procedures included, amongst others, the following:

- We have read the sale and purchase agreements in relation to these acquisitions to obtain an understanding of the transactions and the key terms.
- We have obtained and reviewed management's workings on the accounting of these acquisitions and assessed whether the appropriate accounting treatment has been applied in accordance with IFRS 3.
- We have assessed the competence, objectivity, independence, and relevant experience of the specialists engaged by management.
- We have checked the considerations paid and their valuations, and reviewed the identification of the acquired assets and liabilities by corroborating this identification based on our discussion with management and understanding of the business of acquired entities.
- We have validated that the methodologies used for the estimation of the fair value of assets acquired and liabilities assumed are in accordance with IFRS 3 and industry practices.
- We have assessed and benchmarked with source data and market data, the key valuation inputs and assumptions such as the underlying opening balances, business plans and discount rates used in the purchase price allocation calculations prepared by management, with the assistance of independent external specialists engaged by management.
- We have also performed audit procedures on the financial information of the acquired entities at the date of acquisition.
- We also assessed the adequacy of the related disclosures in the consolidated financial statements regarding these acquisitions.

INDEPENDENT AUDITORS' REPORT – continued

Report on the Audit of the Consolidated Financial Statements – continued

Key Audit Matters – continued

Impairment assessment of goodwill and other intangible assets

As at 31 December 2020, included in the consolidated statement of financial position are goodwill of kEUR 164,015 and other intangible assets totalling kEUR 108,814.

The Group is required to, at least annually, perform impairment assessments of goodwill and intangible assets that have an indefinite useful life. For intangible assets with useful lives, the Group is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives. For the purpose of performing impairment assessments, all intangible assets including goodwill have been allocated to groups of cash generating units ("CGUs"). A value in use model was used for this assessment which requires the use of assumptions in estimating and discounting future cash flows. Management concluded that the intangible assets including goodwill were not impaired as of 31 December 2020.

These impairment assessments were a key audit matter because there is considerable estimation uncertainty related to the projection of future cash flows.

Our procedures included, amongst others, the following:

- We obtained management's five-year plan, future cash flow forecasts and tested the mathematical accuracy of the underlying value-in-use calculations. We also compared historical actual results to those budgeted to assess the quality of management's forecasts.

- We have tested the underlying model to check whether the processes are applied to the correct input data and the outputs are mapped accurately.

- We compared the methodology used (value-in-use calculations based on future discounted cash flows) by the Group to market practice.

- We assessed the reasonableness of key assumptions used in the calculations comprising gross profit margin, EBITDA margin and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis and benchmarked them to external industry outlook reports and economic growth forecasts from a number of sources. We also assessed the reasonableness of the discount rates used by management by comparing the discount rates used to entities with similar risk profiles and market information.

INDEPENDENT AUDITORS' REPORT – continued

Report on the Audit of the Consolidated Financial Statements – continued

Key Audit Matters – continued

Issuance of public bonds in the Scale Segment of Frankfurt Stock Exchange and in the regulated market of NASDAQ Stockholm

The Group has a total bonds framework amounting kEUR 75,000, of which kEUR 25,000, with Media and Games Invest plc as the issuer, is a 7% unsecured coupon bond of EUR 1,000 each, due on 11 October 2024 with call option beginning 11 October 2021, and traded in the scale segment of the Frankfurt Stock Exchange (ISIN DE000A2R4KF3). The other bond is the kEUR 50,000 7.75% senior secured bond, with gamigo AG as the issuer, due on 11 October 2022, traded in the scale segment of the Frankfurt Stock Exchanges and in the regulated market of NASDAQ Stockholm (ISIN SE0011614445).

In December 2020, the Group early redeemed the kEUR 50,000, 7.75% senior secured bond issued by gamigo AG.

The Group also has another total bond framework amounting to kEUR 120,000 with Media and Games Invest plc as the issuer. The initial bond issue amounted to kEUR 80,000, is a 5.75% secured coupon bond of kEUR 100 each issued on 27 November 2020 and due on 27 November 2024 with call option beginning 27 November 2021 and traded in the open market of NASDAQ First North Premier Growth Market in Stockholm. (ISIN SE0015194527).

As at 31 December 2020, the carrying amount of these bonds in the consolidated statement of financial position was kEUR 95,355, of which, kEUR 24,380 pertains to the unsecured coupon bond and kEUR 70,975 pertains to the secured coupon bond. We have considered the issuance and redemption of these bonds to be a key audit matter as these were significant business transactions of the Group.

Our procedures included, amongst others, the following:

- We checked the initial measurement of the bonds on their respective issuance dates and their subsequent measurement using the effective interest method up until 31 December 2020. An assessment of the terms and conditions of the issued bonds, including the examination of the termination options at the discretion of the Group, was performed.

- We reviewed the derecognition of the bonds redeemed by the Group and the corresponding impact in the profit or loss during the year.

- We reviewed the presentation of these bonds in the consolidated financial statements as non-current financial liabilities and the anticipated interest expenses that were accrued.

- We have tested and verified the transaction costs incurred on the issuance of the bonds and assessed their accounting treatment.

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INDEPENDENT AUDITORS' REPORT – continued

Report on the Audit of the Consolidated Financial Statements – continued

Other Information

The directors are responsible for the other information. The other information comprises the general information and the directors' report. Our opinion on the consolidated financial statements does not cover the other information, including the directors' report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Under Article 179(3) of the Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

Based on the work we have performed, in our opinion:

- the directors' report has been prepared in accordance with the Companies Act (Cap. 386);
- the information given in the directors' report for the financial year on which the consolidated financial statements had been prepared is consistent with those in the consolidated financial statements; and
- in light of our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and the requirements of the Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

INDEPENDENT AUDITORS' REPORT – continued

Report on the Audit of the Consolidated Financial Statements – continued

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT – continued

Report on the Audit of the Consolidated Financial Statements – continued

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements – continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Pursuant to Articles 179(10) and 179(11) of the Companies Act (Cap. 386), we are required to report to you if in our opinion:

- proper accounting records have not been kept; or
- proper returns have not been received from branches we have not visited; or
- the consolidated financial statements are not in agreement with the accounting records and returns; or
- we were unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

We have nothing to report on this regard.

Other Matter – Non-audit Services

The non-audit services that we have provided to the Group during the year ended 31 December 2020 are as disclosed in Note 39 in the consolidated financial statements.

Appointment

We were first appointed as auditors of the Group for the period ended 31 December 2013. Our appointment was renewed annually by shareholders' resolution representing a total period of uninterrupted engagement appointment of eight years.

This copy of the audit report has been signed by
Conrad Borg *(Principal)*
for and on behalf of

RSM Malta
Certified Public Accountants

28 April 2021