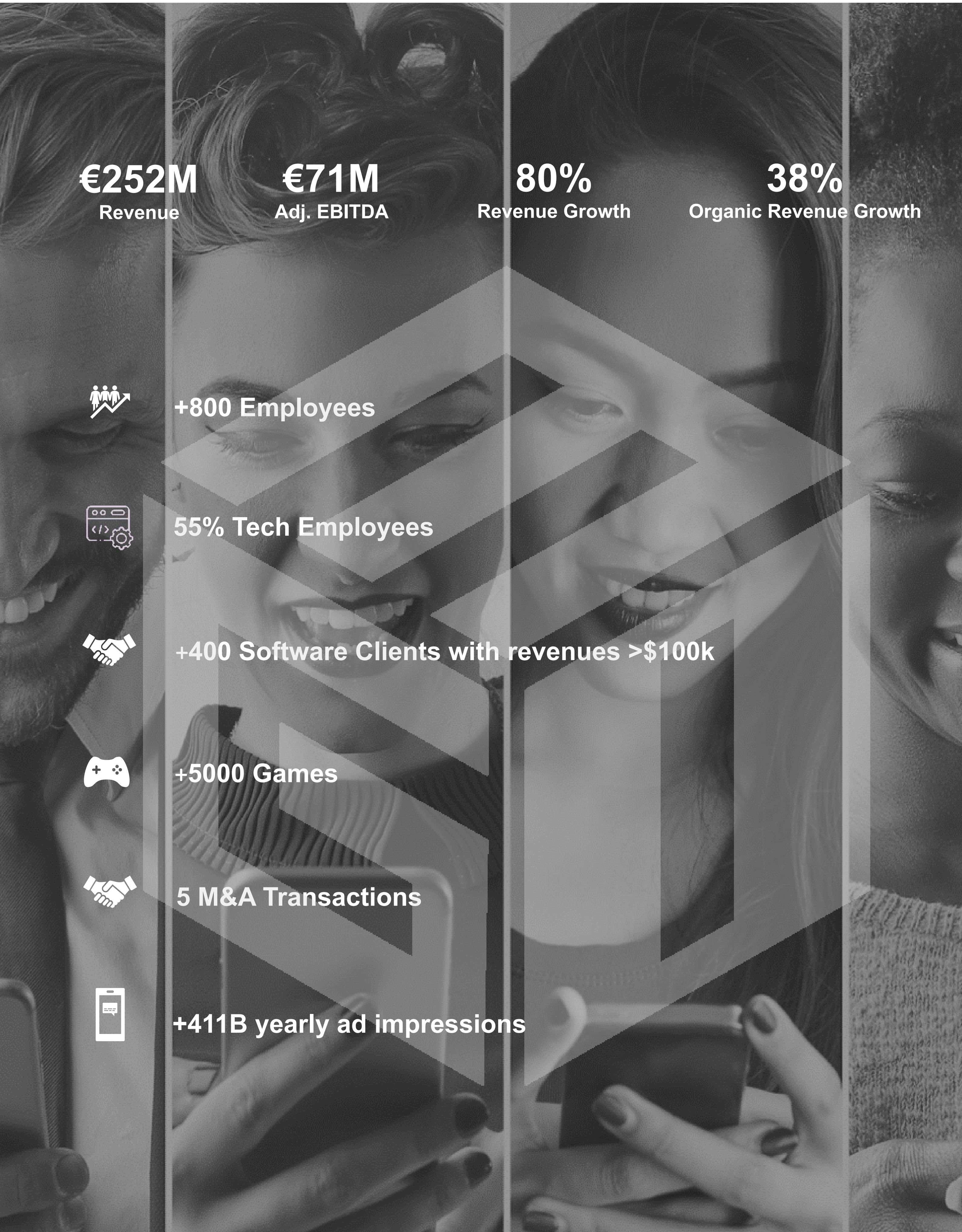
Media and Games Invest SE

ANNUAL REPORT

2021

CONTENT OF THE 2021 ANNUAL REPORT

HIGHLIGHTS IN 2021



WORD OF THE CEO

TRANSFORMATION FROM A GAMES COMPANY INTO AN AD-SOFTWARE-PLATFORM WITH FIRST PARTY GAMES CONTENT

"*MGI will celebrate its 10th anniversary of its operations in October 2022. The year 2021 and the years before have been part of an exciting journey and were based on our* ***'buy, integrate, build and improve'*** *strategy which shaped us into what we are now; a fast growing* ***'integrated owned and operated Ad-Software-Platform'****.*

With our highly synergetic combination of Media and Games activities we have built a very strong company that is well positioned for further fast and profitable growth. MGI's growth is leveraged by the 'media and games fly-wheel', whereby the games part profits from better user acquisition for its games and better monetization of its adds and whereby the media part profits from access to first party gamer data as well as unique advertising spots. Such strongly synergetic 'owned-and-operated ad-tech' combination is increasingly appreciated by games- as well as media companies, such as eg. also, Applovin, Ironsource and Zynga. MGI is an early adopter of this 'owned-and-operated Ad-Software-Platform' strategy, using the past years to build this position.

In the coming years we want to further focus on strengthening, growing and extending our company based on our further ***integrated owned and operated Ad-Software-Platform strategy****. This means that we will continue to focus on organic growth of each the media and the games activities as well as the synergies between the two, that we will also continue to perform synergetic acquisitions either smaller ones that we can leverage or also larger transforming ones that add scale. But it also includes some shifts of our investment focus. As mobile is the largest as well as a fast-growing market for media as well as for games, mobile will for both, the media as well as the games activities become the main area of focus. And last but not least, we see ourselves as an innovator and will put further resources into innovation based on the fact that growth is where innovation is. Innovation will include topics like new channels, new formats, contextual, AI, big data, privacy first and transparency.*

The year 2021 was another very strong year

- *With a strong revenue growth of 80%, making it the third year in row with over 70% growth p.a.*
- *With a strong Organic Revenue Growth of 38%, showing that our investments in organic growth really start to pay off*
- *With a strong adj. EBITDA growth of 144%, outperforming the revenue growth, based on economies of scale, efficiency gains and cost savings*
- *With a positive net result of EUR 16m and an increased result per share*
- *With a lot of activity, including e.g. 5 acquisitions, many great game updates, the start of ATOM, various successful capital raises, opening new offices, closing down our influencer activities as well as many investments in further growth for the coming years.*

Looking back

Our first growth phase started with acquiring the games company gamigo in 2012 from Axel Springer, thereafter, acquiring a further 3-5 games companies and assets per year, which has led to a games platform at scale. In our second growth phase, from 2017 onwards, we shifted our focus towards organic growth of gamigo, investing into the content of our core MMO games, starting to make them multiplatform capable while also launching more and more new games. However, we did so without taking the risk of developing new games from the scratch. As user acquisition, next to content, is the main success driver for games, a market with over 2,000 game launches per month, we started our third growth phase: building an in-house media unit via M&A. While starting with Influencer services, from 2019 onwards we put full focus on the most efficient and effective media type 'programmatic advertising'. In the last three years we acquired several accretive media companies which were all integrated into Verve Group. This resulted in a full programmatic end-to-end Ad-Software-Platform covering the demand as well as the supply side for in-app, mobile web, desktop, connected TV as well as digital out of home. As such we have built a one-stop shop for advertisers as well as publishers. Based on the strong demand for such integrated media solution, the revenues of the media activities surpassed the games revenues in 2021. In Q4 2021 also the media EBITDA surpassed the games EBITDA. During the last ten years MGI's geographic focus has shifted from Germany and Europe towards North America which represents 69% of the groups revenues in Q4 2021. In each of the last ten years MGI has been growing its revenue with a strong revenue CAGR of 77% since 2018. The EBITDA has in the same period shown a CAGR of 75%.

Looking forward

Based on this successful formula of an integrated games and media company we have now entered into our fourth growth phase; as an 'integrated owned and operated Ad-Software-Platform. The strong mutual synergies between games and media will enable MGI's fast further growth for 2022 and beyond. The media segment Verve has a strong USP based on its first party data from our own games as well as from one of the largest app-integrations into Third Party Publishers worldwide. This provides a lot of data about the audience in the content which can be passed on to the advertisers for efficient targeting of users in their campaigns. The games activities from gamigo profits strongly from the improved user acquisition capabilities. Due to that clear USP, MGI expects to have a positive effect on the increasing number of game launches. As an integrated owned and operated Ad-Software-Platform we will continue to focus on organic as well as M&A growth in both the media as well as the games activities as well as the synergies between them and will also shift our focus more towards advertisement monetized mobile games as well as innovation driven growth. As we do not want to overpromise, but rather over deliver, we have given Guidance for 2022 of EUR 290-310m with an adj. EBITDA of EUR 80-90m.

A winning team

Our fast growth is enabled by our strong team. In 2021 we had several new joiners, via hiring as well as due to M&A and we could see that MGI has become a very attractive employer with better access to top-notch talents. This was achieved based on outperforming the market with great products which enabled strong organic growth, which makes our employees feel that they are part of a winning team. At the same time, we unfortunately also had to let a part of the media team go by closing the affiliate and influencer activities to focus on the highly scalable and profitable programmatic advertising business. Despite that we have grown to an overall team of over 800 employees in over 20 offices worldwide and have an even better skilled and more motivated team than a year ago.

Growing up

The year 2021 was also the year where we executed two transforming acquisitions, with KingsIsle and Smaato, and got many new long-only investors like Oaktree, Didner & Gerge and Janus Henderson on board. While having grown revenues from 45 million in 2018 to now over 250 million in 2021, it was also time to further improve our internal control and governance structures to be in line with the underlying size of the business. Therefore during 2021, we have started preparing our relocation from Malta to Sweden and worked on preparing the implementation of Nomination, Remuneration and Audit Committees for 2022. The relocation to Sweden and optimization of the governance structures will provide us with better access to the capital markets, reduces complexity for us and our investors and is expected to be finalized in January 2023.

I would like to thank our customers, our investors, our team and all our other stakeholders and partners for their support and commitment during 2021.

Thank you!

Remco Westermann

CEO and Chairman of the Board of Media and Games Invest SE

PRODUCTS AND SERVICES OF MGI

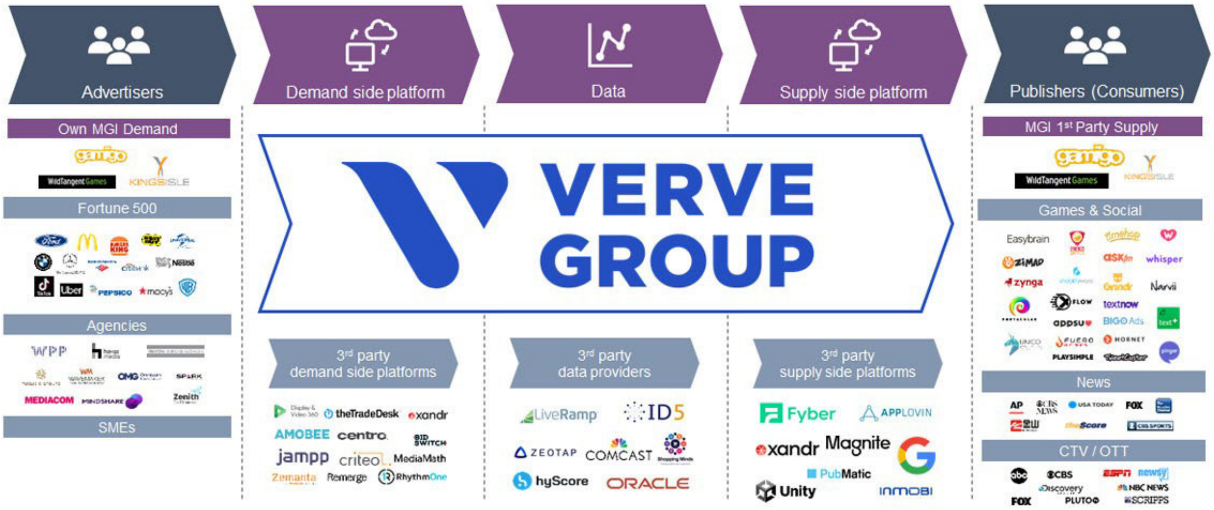
1. BUSINESS OVERVIEW

1.1 MGI's advertising software platform

In 2021, MGI generated the majority of its revenues from its programmatic Ad-Software-Platform, which it offers through Verve Group. If the goal of advertising is to create and place ads as well as sell ad space (Ad Inventory), then programmatic advertisement aims to make the business and processes of creating and placing ads as well as selling ad space faster, easier, more transparent and more effective by leveraging artificial intelligence, powerful algorithms and billions of data points. Advertising companies are intermediaries between advertisers - who try to reach users on their smartphones, computers, connected TV devices or via digital public billboards (DOOH) to attract new customers - and publishers - who provide digital content that is consumed by users and monetized by selling ad space to advertisers. Whereas in traditional advertising an advertiser usually requested ad space directly from the publisher by phone or email - which is very time consuming and inefficient - with programmatic advertisement this process is fully automated and happens in real time, with revenue flowing from advertisers to publishers in an automated way - replacing the phone calls, faxes and paper Insertion Orders (IOs) used to manage and track deals in the past.

There are advertising companies that support advertisers (so-called Demand Side Platforms), for example in buying ad space or evaluating campaigns, and there are advertising companies that support publishers (so-called Supply-Side Platforms), for example in selling ad space and processing user data to create anonymized audience segments. While most companies can be assigned to one of these two sides and / or focus only on single devices (like mobile, desktop, Connected-TV, or DOOH) or single formats (Banner, Interstitial, Native, Rewarded or In / Out Stream) MGI with its full stack platform supports both sides across all devices and formats.

This offers advantages for both advertisers and publishers, as the flow of information between advertiser and publisher is more direct resulting in higher transparency in targeting, monitoring and evaluation of campaigns, while at the same time eliminating the gateways for fraud that arise due to the multiplicity of market participants. The resulting increase in efficiency and quality leads to a higher ROI (return on investment) for advertisers and higher ad income (measured by CPMs / cost per mille) for publishers. In addition, as a one-stop store, MGI reduces the number of external media partners needed to coordinate cross-device and cross-format campaigns, resulting in more streamlined campaign management where the individual components of the campaign are precisely orchestrated resulting in higher ROI.



1.2 MGI's stronger position due to own games content and access to first party data

An important differentiator between advertising companies is whether they "own and operate" a part of the audience (users) or whether they do not have their own audience. Via its game's portfolio, MGI has its own audience consisting of more than 5,000 casual and mobile games as well as more than 10 premium games. Additionally, Verve has integrated its SDK (software developer kid) directly into the Apps with many App-developing companies, receiving direct opt-ins of the users of these Apps. The quality and breadth of the data stemming from those direct integrations are well comparable to the data inferred from MGI's own audiences. Due to its own audience as well as the first party App integrations, MGI has millions of owned im-pressions from players of its own games as well as access to proprietary first-party data that's being kept and leveraged inhouse.to which third-party platforms do not have access to. Based on first-party data, it is possible to create much better audience segments while monitoring and controlling campaigns is also much more precise. This combined leads to a highly effi-cient campaign management. The importance of this USP cannot be overstated, considering that increasing restrictions on data sharing and stricter data protection regulations - imposed by lawmakers but also promoted by the industry to boost user trust - will make it increasingly difficult for advertising companies to provide efficient insights into audience segments and enable end-to-end monitoring and controlling of campaigns.

1.3 Monetization of the Verve platform

The majority of revenues in 2021 were based on self-serve models, while a minor part was based on non-self-serve models with impressions sold via individual bookings. Under the self-serve model, advertisers get access to MGI's Demand Side Platform - where they can manage user acquisition campaigns. Publishers on the other hand access the Supply Side Platform - where they can monetize their ad space. For these services, they both pay a SaaS subscription fee. The remaining part of media revenues is then generated via a usage-based model where MGI keeps a cut of the ad-revenue generated via its platform.

1.4 MGI's Full-Stack advertising software platform

MGI has created a unique positioning outside the so called "walled gardens" of Facebook and Google. Walled gardens in large ad tech are organizations that keep their technology, information, and user data for themselves and currently generate ca. 50% of global digital advertising revenues within the worldwide +300bn digital advertising market. The other 50% of revenues are generated outside the walled gardens in the so-called Open Internet. While players such as Facebook and Google cover the entire value chain in the digital media sector, most players in the Open Internet focus on specific parts of the value chain like delivering a solution for the Demand Side only, the Supply Side only or for Data Management only.

MGI is one of a few providers in the Open Internet covering the entire value chain. The advantage of a full stack approach is that all sub-processes between the advertiser running an advertising campaign and the publisher owning the advertising space (i.e. the access to the end user) are in one hand. This means no information is lost among middlemen on the way from the advertiser to the publisher and vice versa. Thus, such full stack approach makes the process more transparent and efficient. The resulting improved measurability of campaign success and more targeted identification of appropriate user profiles leads to higher ROIs for advertisers, better monetization of advertising space for publishers, as well as more relevant ads for users. While there are a few competitors specializing in full stack with other companies trying to follow suit, MGI is a full stack provider in the Open Internet that serves all channels - mobile, desktop, digital out of home and connected TV.

1.5 Staying ahead of the market by continues innovation

An important pillar of MGI's strategy is to stay ahead of the rapidly changing digital advertising market and to gain market share through innovation. With the rise of privacy-first initiatives such as Apple's decision to block third-party cookies in the Safari browser in 2020, the introduction of the App-Tracking Transparency framework IDFA on iOS in 2021, and Google's plan to get rid of the cookies by 2023, the digital marketing landscape is shifting again with disruptive implications.

MGI acknowledges and embraces the constant evolution of the advertising industry. Although the changes in the treatment of identifiers represent a radical change for the industry, MGI expects an increase of trust and acceptance among advertisers, publishers and, of course, end users in the long term. One of MGI's key strategic pillars is to stay ahead of the curve and to evolve constantly – together with the industry. The company therefore anticipates developments in the market and prepares for them, when others are not even aware of the changes to come.

To give an example, two years ago MGI organized a hackathon with the goal of creating audiences directly on the device instead of sending data into the cloud. To do this, MGI brought together its best mobile developers and data scientists, who then spent several months working on a solution, which ultimately resulted in ATOM - an innovative advertising solution that can create audience segments on mobile devices without sending data into the cloud and that uses both behavioral and contextual anonymized data without using identifiers like Apple's IDFA. ATOM is currently being rolled out and is already delivering promising results. Campaigns saw more than a 28% uplift in engagement (measured via click-through-rate or CTR) and approximately 15% increase in ad yield (measured via eCPM) compared to non-targeted IDFA-less campaigns.

To give another example, MGI focused on the further development of contextual advertising already at an early stage. Contextual advertising has been around for a long time and was a common practice during times of non-digital media. The context of a magazine and the articles in such magazine were used to place the appropriate ads. With the rise of digital advertising and especially with the emergence of identifiers, contextual advertising was pushed into the background. It was simply easier to directly track users using cookies and other tracking identifiers like Apples IDFA. With the ban of such identifiers, the advertising industry needs to reinvent itself again – or in this case – needs to reemphasize and improve existing strategies.

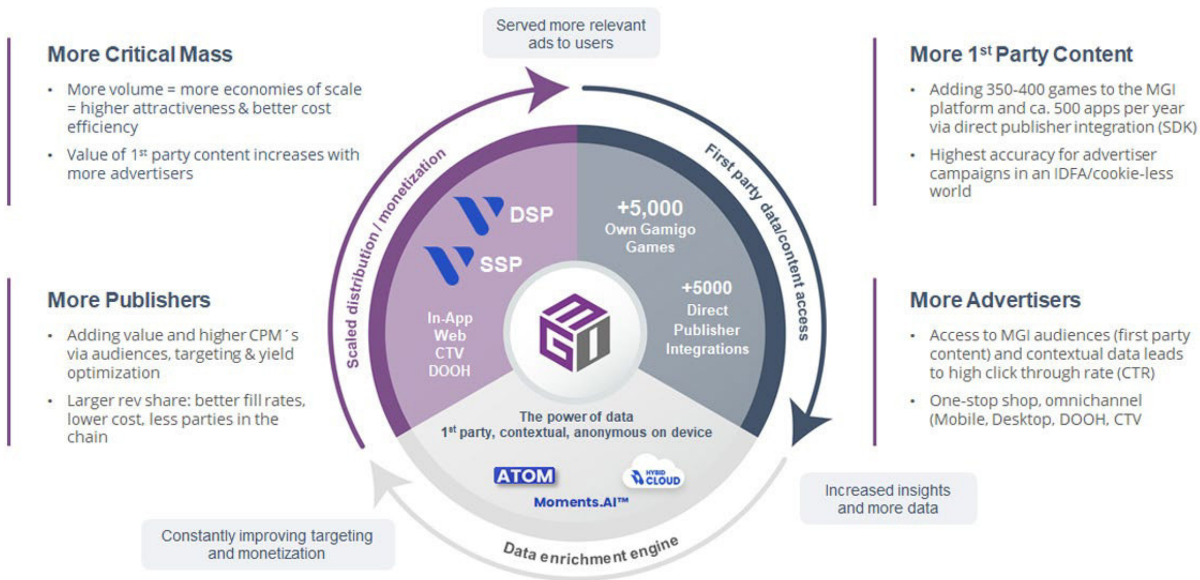
While in the early stages, context in digital media was analyzed by deriving keywords from text sources often leading to poor or even disturbing results (e.g. ads of sports cars in an article talking about a race car accident) contextual advertising has improved significantly. With the help of intelligent deep learning algorithms, information can now be drawn and optimized from and on any media – text, image, audio, or video. Additionally, these deep learning mechanisms allow for analysis on inventory sentiment, identifying content with positive connotations, and therefore offering more sophisticated measures to ensure brand safety. These mechanisms help interpreting contextual data and create reliable predictions on consumer interests and behavior. With the crumbling of identifiers, contextual is at the forefront of creating audience target groups. MGI invested in this area early on and recently launched its SaaS solution Moments.AI™, which is an innovative product based on the software code of the context specialist Beemray, which was acquired by MGI in 2021. Moments.AI™ empowers marketers to maximize their outcome without cookies or identifiers. Following the acquisition, Beemray's software was further developed and integrated into MGI's advertising software platform and is now made available in North America under the brand Moments.AI™.

Innovation is a continues process and a state of mind. MGI actively invests in and embraces innovation.

2. THE MGI FLYWHEEL

The MGI business model is based on a flywheel that is driven by the software platform synergies between its Ad-Software-Platform and its games. The business model is further differentiated through MGI's transparent and open-source approach and its focus on accretive M&A which is further accelerating the flywheel.

I. Describing the flywheel in a nutshell: stronger proprietary games portfolio (meaning a larger audience and more first party data) will lead to more advertisers using MGI for user acquisition as they can reach a broader audience in a more targeted way (thus increasing the ROI of their user acquisition campaigns). This in turn attracts more publishers who also want to monetize their ad inventory via MGI's Ad-Software-Platform, as there is higher demand and as they can therefore sell their ad inventory at a higher price (thus increasing their CPMs). This leads to better monetization of MGI's game ads, better user acquisition for MGI's own games, and a growth of MGI's owned audience and access to first-party data. M&A and innovation can additionally accelerate the flywheel. For example, in case of buying a mobile games company, MGI's audience reach and access to first-party data would increase significantly. Also, by developing new innovative products like ATOM, MGI can attract additional advertisers and publishers. In the next sections, we will discuss the individual parts of the flywheel in more detail.



2.1 First party content access

MGI has more than 5,000 casual games and more than 10 premium games with a total of more than 100m registered players. In addition, MGI's SDKs ('Software Development Kit) are integrated into the apps of more than 5,000 publishers, reaching up to 2bn users. Combined, this makes MGI one of the largest proprietary first party data platforms in the ad market. First party data enables, amongst others, better targeting and greater transparency in reporting and monitoring of advertising campaigns and reduces vulnerability to fraud. In addition, it reduces the dependency on third-party data, which is becoming increasingly regulated and scarce. MGI continuously broadens its games portfolio and its launch pipeline at very modest investment volumes.

As recently announced, MGI established a new launch department to further increase the number of game launches. Launching games is risky and with well over 2,000 game launches per month, all fighting for new players, MGI's portfolio approach significantly reduces dependency on the success of individual games (own or third-party IP).

Having reached a substantial size and with its strong competitive edge regarding user acquisition by combining games and media, the launch pipeline will be further filled significantly in the coming quarters, including new licenses, new content for the existing portfolio, as well as internationalization and porting to new devices.

In order to reach synergies of MGI's Ad-Software-Platform and games activities even more efficiently, the management has decided to put more emphasize on mobile games content going forward via M&A and in-licensed mobile game launches.

2.1.1 MGI Casual Games

MGI operates and develops a broad portfolio of casual, online and mobile games for consumers in Europe and North America. The games cover a broad range of genres including puzzle, hidden object, bubble shooter, etc. Typically, 5 to 8 new games are launched weekly. The casual games are usually either owned or non-exclusively licensed globally or for certain regional territories. The casual games are mostly advertising based, though they also generate revenues from subscriptions and in-game item sales.

2.1.2 MGI Premium Games

MGI operates more than 10 large premium so-called free-to-play massively multiplayer online (MMO) games for consumers in Europe, North America and South America. The games are mostly either roleplay or strategy games. MGI does not develop new MMO's because of the long and costly development cycles which in combination with low launch success rates pose a too high risk for MGI. The target is however to launch a few games per year that are developed by third party studios that also took the development risk. 8 out of the current 10 largest games are owned by MGI, whereas the others are licensed. The games are mostly free to play games where revenues are generated via in-game item sales, advertising, subscriptions or a mix of these. MMO means that several thousand users often meet, interact, and are often connected to each other through fixed player communities (so-called ”guilds” or ”clans”) on a playing field or server environment, which also creates a strong bond between the users and the game. This business model requires ongoing support of the games, in close coordination with the users (”games as a service”). In addition to regular events and competitions, new items (e.g. new costumes) and expansions (e.g. new functions, levels and characters) are provided on a regular basis to increase the fun of the game and/or to enable faster success. Based on the extensive content as well as the active support of the games, users often remain loyal to the game for many years and become loyal paying players that invest money in the game over long periods. For the premium games, over 50 percent of the Company's revenues are generated by users who have been active in the game for more than five years.

2.1.3 MGI's SDK base

Via its extensive SDK base MGI has access to a large number of mobile games apps, especially mobile games. Being integrated into those game apps enables MGI to get first party user consent and as result of that also first party data.

SDK stands for Software Development Kit. Essentially, it is a downloadable set of code that translates into a set of tools serving a specific purpose that an app developer can plug into their app. A mobile monetization SDK comes with the full pre-built functionality of serving ads inside a mobile app: it will request mediated ads from different ad sources, and makes sure that the right ad format is served and rendered without disrupting the user experience.

A well-implemented SDK can increase the value of mobile app inventory and create a much more dynamic in-app advertising experience. For app publishers, however, the question arises as to which

SDKs should be implemented by which provider. Multiple SDKs generally impair the functionality and thus the usability of an app, as do SDKs that are very large.

The advantage of MGI's mobile monetization SDK is that their code is openly accessible (open source). This gives publishers complete visibility into the code, a good starting point for identifying desired or undesired behavior. Transparency is important so that publishers retain control over any structural additions to the code that might impact their app – a big reason why MGI's HyBid SDK, for example, is open source to publishers. The benefits go both ways: By providing an open and collaborative environment for publishers, MGI is able to fix any bugs quickly and efficiently to ensure a smooth and disruption-free ad experience.

Mobile monetization SDKs are not one-off solutions. A good mobile monetization SDK is constantly evolving. Regular updates help publishers adapt to changing market conditions or solve the latest monetization challenges. As an example, take the elimination of Apple's Identifier for Advertisers (IDFA) and the implications for publishers. MGI, in response, recently introduced ATOM (Anonymized Targeting on Mobile), a powerful new extension to MGI's HyBid SDK that makes audience segments targetable without the use of personal identifiers.

2.2 Data enrichment engine

The Data Enrichment Engine is the data part of the platform that enables advertisers to target better and upgrades publishers ad-spaces.

Without the seamless (and fast) collection, integration, management and activation of this data, its value cannot be fully realized. Accordingly, a technology-enabled solution – a central hub – is needed to take on this task. In the digital advertising sector, so-called data management platforms ("DMPs") have developed for this purpose. They collect and process data not only from publishers, but also from advertisers and their advertising campaigns, which span various formats and channels.

The resulting data volumes are huge. Accordingly, the IAB. defines a DMP as a "big data solution for multi-channel advertising, marketing, media and audience activation". A DMP, therefore, is a technology-centric solution for aggregating, integrating, managing, and deploying disparate information sources to create new, usable customer insights that can be leveraged to improve performance across the enterprise. As such, the DMP is a hub for maximizing the value of key customer data assets – both proprietary and third-party – that would otherwise go unused.

MGI has started to buy and develop its own data management platforms as part of its full stack approach, such as the contextual data specialist Beemray, which has been further developed in recent months. The advantage of having your own DMP is that no information is shared outside of the ecosystem when transferring data between advertisers, DSPs, DMPs, SSPs and publishers.

2.2.1 First Party Data

Through its own games (over 5,000), as well as the more than 5,000 publishers that use the Verve SDK, MGI has access to a large pool of first-party data. Based on consent, data can be collected, audiences and segments can be formed and as a result targeting can be done very granular leading to good results and optimization possibilities for advertisers.

2.2.2 Contextual Data

MGI has started early on to focus on the use of privacy and data protection compliant data, as the company expects that soon up to 90% of the internet will be anonymous. This is partly due to stricter legal frameworks and partly due to the fact that the industry itself is driving this development, as can be seen in Apple's and Google's handling of identifiers. MGI welcomes this development as it has the potential to create more trust in and acceptance for digital advertising. Furthermore, it opens up the possibility of gaining significant market share with correspondingly innovative solutions – which are privacy-compliant but still enable efficient user acquisition on the one hand and efficient monetization on the other.

MGI's platform focuses on aggregating, integrating, managing and delivering contextual data. With this approach, Verve does not rely on the use of identifiers like Apple's IDFA. With the help of intelligent deep learning algorithms, information can now be drawn and optimized from and on any media – text, image, audio, or video. Additionally, these deep learning mechanisms allow for analysis on inventory sentiment, identifying content with positive connotations, and therefore offering more sophisticated measures to ensure brand safety. Verve's contextual targeting solution performs these tasks in 10 milliseconds and in real time during the moment a user opens a website. During this time, it assigns the user to one or more of the currently more than 700 available user segments. If, for example, information on kids games or kids shopping is found on the website that is opened, the user is assigned to the "young mother" segment, for example.

2.2.3 ATOM

ATOM is the Industry's First Anonymized and On-Device Audience Targeting Solution for Mobile Marketers. Marketers can target: anonymized and cohorted audiences with near-deterministic accuracy and at scale, without relying on persistent and deprecated device identifiers, like IDFA. ATOM uses as its base a universe of non-addressable (anonymized) audiences (app users who do not consent to the use of IDFA) using a mobile phone. Then, ATOM uses contextual data (app context, device signals, or ad context) and privacy-centric machine learning to divide users into segments. This process takes place directly on the user's device without pulling data from the device, for example in a cloud.

2.3 Scaled distribution and monetization

In the past years MGI has built a full stack platform under its Verve Group, that serves both advertisers – by helping them to efficiently acquire users – and publishers – by helping them to efficiently monetize advertising inventory and that is multi-channel, serving In-App, Mobile Web, Desktop, Connected TV and Digital Out of Home as well as multi-format, including e.g. banners, interstitials, and video ads.

2.3.1 Verve DSP

With Verve DSP, MGI simplifies programmatic ad buying, connecting advertisers to global audiences. Advertisers can use Verve to reach up to 2 billion unique users across more than 5,000 directly integrated publishers and apps, as well as MGI's own games, in all major content verticals. Verve Group's powerful programmatic DSP combines performance and scale with control and transparency based on its strong access to first-party-data. Thanks to a powerful data enrichment engine with proprietary machine learning algorithms, advertisers can target and engage the right users at the right time with optimal bids for each impression.

With Match2One, MGI has acquired a unique DSP in 2021 that is aimed primarily at small and medium-sized companies that want to make themselves independent of expensive agencies or complex DSPs or that have not yet become programmatically active at all for this reason. Their User Interface (UI) is designed to be so user-friendly that it can be used by in-house marketing teams that have no previous experience in the execution of programmatic campaigns. By integrating with Verve, Match2One users will have access to Verve's entire first-party audience, providing its customers with strong transparency and better Returns On Advertising Spend (ROAS).

2.3.2 Verve SSP

With the Verve SSP, MGI helps publishers monetize their content through advertising and maximize ad revenues. Through the Verve SSP, publishers can sell their advertising inventory to over 5,000 advertisers connected to Verve and an additional well over 80 third-party DSPs also connected to Verve Exchange. Publishers connect to the Verve SSP by integrating one of the Verve SDKs into their app. They can then sell their ad inventory to advertisers using real-time bidding techniques. Through Verve's powerful data enrichment engine, users of the app are segmented in a privacy compliant manner. As a result, advertisers who consider the user most valuable based on the segmentation will bid the most for the ad space. In this way, the advertising space can be sold by publishers in the most efficient and profitable way. In addition to the open exchange, the Verve marketplace also offers private and guaranteed deals across display, video and CTV. The Verve SSP features full ad serving transparency, real-time insights and advanced debugging tools, and was ranked #1 in the Sellers Trust Index for mobile exchanges by Pixalate.

2.3.3 Hybid Cloud

Verve's Hybid Cloud is a SaaS Ad Monetization Toolkit for Publishers. Publishers can use it to organize the entire sales process of their inventory. They are connected to the Verve SSP, but can also bring other third-party SSPs into the platform that they can then manage via a self-serve interface.

2.3.4 Verve White Label Ad-Software-Platform

Verve's White Label Ad-Software-Platform is work in progress. While still weaker/missing parts of Verve's full stack horizontal/vertical platform are being optimized or respectively acquired, tests of a roll out of this platform as a white label platform have started with first partners. With those partners we are optimizing the platform and also tailoring it to their needs. Sectors for a first roll-out are game companies, ad-agencies and retail-media. As part of this White Label approach open source is an important element. At the same time, transparency, and possibility to use own data and assets while also having access to the open internet are equally important. As usual in B2B acceptance as well as development cycles take longer. The Verve White Label Ad-Software-Platform is however an important element of our Vision 2025.

2.4 Continues further M&A to leverage our business

MGI has acquired over 35 accretive companies and assets in recent years. Until 2020, the targets were mostly smaller companies which, among other things, did not have sufficient prospects in the market due to their size as a stand alone company. Through integration and re-focus after the acquisition, however, they were then, based on synergies and economies of scale, able to quickly generate positive contribution margins, so that the acquisitions paid off after a short time and contributed to MGI's strong growth.

Also due to the scale thus achieved, MGI has shifted its focus more towards larger and profitable companies and was able to complete the two large and transformative acquisitions KingsIsle and Smaato in 2021, with purchase prices exceeding the EUR 100m mark each. With LKQD, Beemray and Match2One, three further – much smaller but strategically also important – acquisitions were completed in 2021, adding essential technologies to MGI's Ad-Software-Platform and lots of expertise in the form of FTEs to the group.

MGI has a clear strategic target list to further strengthen its operating business and thus also create significant value for shareholders. At the same time, both markets continue to offer a broad range of acquisition opportunities. These opportunities are also to be exploited in 2022 and MGI currently also has the financial resources to be able to execute further purchases.

3. MGI'S HISTORY

2021

Was the first year in which organic growth was almost as strong as our inorganic growth. We executed more than 350 casual game launches which resulted in ad revenues from own games at a record level. In parallel, we grew our Ad-Software-Platform's customer base to 418 software clients with more than USD 100k revenues per year. This is based on adding 316 additional software clients with over USD 100k revenues per year, which altogether reflects a 410% growth rate in software clients. With Organic Revenue Growth of 38% in 2021, the investments in organic growth from the last years are beginning to show a clearly positive effect. With the acquisition of KingsIsle in the games segment and Smaato in the media segment, two transformative transactions were successfully completed in 2021 that significantly increased the company's revenue and profitability. With the acquisitions of Beemray and Match2One, two further smaller but strategically important acquisitions were completed in the media sector. On the financing side, a capital increase of EUR 90m was completed, through which international tier-1 and long-only investors were attracted, and the bond volume of the outstanding secured bond was increased to EUR 350m and placed in several steps. The more expensive EUR 25m unsecured German bond was repaid ahead of schedule in October 2021.

2020

Was a year with several M&A transactions, the launch of the Verve Group and an increased focus and invest in organic growth. With more regular and also larger updates in the games portfolio, more focus on user acquisition for the games -which was also strongly supported by the Covid lock-downs- as well as focus on onboarding new Software Clients as well as growing the existing Client base on the media side. In January 2020 essentially all assets of the demand platform Verve Wireless Inc. were acquired and in February 2020 the minority shareholders of gamigo have been bought out, increasing MGI's stake in gamigo to 99.9 percent. After the takeover of Verve, it was decided that from then on, all media activities would be combined under the umbrella of the Verve Group and all games activities under the umbrella of gamigo Group, which meant that the group structure would henceforth consist of the parent company Media and Games Invest and its two synergetic operating segments Verve Group (media) and gamigo Group (games). During the rest of the year, MGI completed further transactions. At the beginning of the fourth quarter the Company conducted a private placement of shares raising capital of SEK 300 million. The Company's shares were listed on Nasdaq First North

Premier Growth Market on October 06, 2020 in connection with the private placement. In the beginning of November, MGI issued the Initial Bonds and redeemed the outstanding gamigo Bond in full on 10 December.

2019

Next to focus on organic growth via the launch of ArcheAge Unchained, MGI and its subsidiaries executed various acquisitions including WildTangent's Assets and Pubnative GmbH. gamigo issued a further EUR 18 million in Bonds with a premium. Also, MGI executed a Bond Issue of more than EUR 10 million and a capital increase of EUR 9.2 million.

2018

In 2018, today's Media and Games Invest acquired a majority stake in gamigo AG. With the acquisition, MGI continued implementing gamigo's "BUY. INTEGRATE. BUILD & IMPROVE" strategy in the Media and Games segment and appointed Remco Westermann as Chairman of the Board. While the focus of gamigo has so far been exclusively on inorganic growth to achieve critical mass, MGI decided to increase the focus on organic growth projects with immediate effect which resulted in 5% organic growth in this year. Furthermore gamigo issued EUR 32 million in bonds which were listed on Nasdaq Stockholm and FSE. The acquisition of the major assets of US-publisher and game developer Trion Worlds Inc. And signing the Arche-Age License agreement with the Developer XL-Games (which laid the foundation for the Arche Age Unchained launch in 2019).

2017

gamigo AG: repaid its 2013/2018 bond issued in 2013 via a term-loan from UniCredit Bank AG and acquired the video and social media specialist Mediakraft to strengthen user acquisition possibilities.

2016

gamigo AG: Since user acquisition is the second most important factor for success alongside new qualitative content, gamigo has also placed increased emphasis on media and user acquisition. However, as MGI was not satisfied with its media partners and found a very scattered media landscape (similar to games with many companies that are too small to survive on their own), the company decided to build its own media segment. With the acquisition of Aeria Games GmbH from the media company ProSiebenSat1 Media SE, gamigo acquired its first media company “adspree” in addition to an extensive games portfolio.

2015

gamigo AG: executed various acquisitions, e.g. Looki Publishing GmbH, an independent publisher.

2013-2014

gamigo AG: Restructuring of gamigo AG - lowering costs, ceasing risky development activities and switch to an M&A model with the aim of achieving critical mass by acquiring companies and assets. For the time being, gamigo is thus focusing exclusively on inorganic growth. gamigo reaches 30 million registered users.

2012

gamigo AG: Remco Westermann acquired 100% of the shares in gamigo AG (founded in 2000), from the German media company Axel Springer. After the acquisition of gamigo AG, the management changed the strategy towards focusing on reaching critical mass, in order to become successful as a games company. Only with a certain size games company have the strength and, especially also, the user base to drive a diversified and long-term successful portfolio approach, where based on market characteristics several games fail and some games become a success.

4. MARKET OVERVIEW

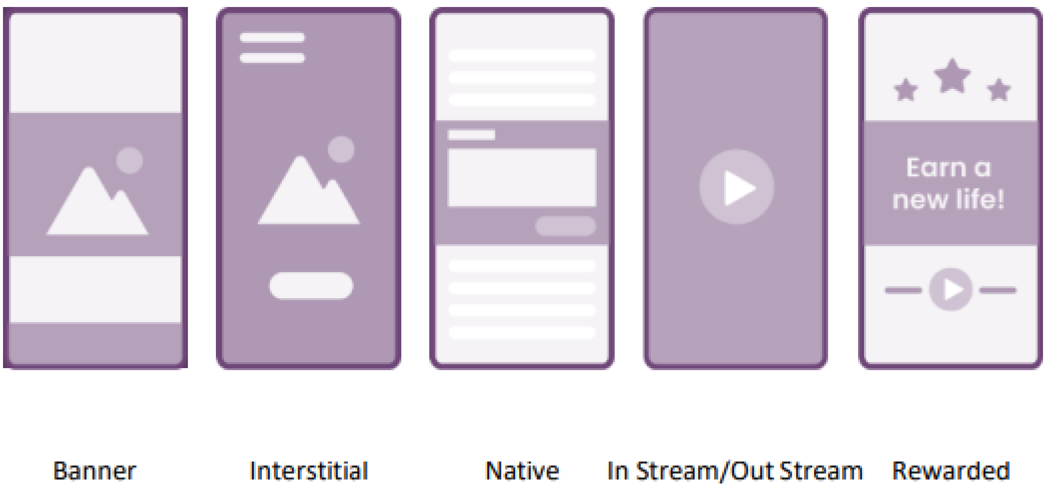
4.1 MEDIA MARKET

Media and Games Invest is active in digital advertising through its Verve Group, with a focus on programmatic advertising.

4.1.1 Digital Advertising Market

According to the Interactive Advertising Bureau (IAB), digital advertising is characterized by, for example, advertisements and messages delivered via e-mail, social media sites, online search engine advertising, banner ads on mobile phones or websites, and affiliate programs. The biggest difference between digital and traditional marketing is the medium through which the target audience encounters an advertisement. While traditional marketing uses traditional offline media such as magazines and newspapers, digital marketing uses digital online media such as social media or websites.

In the case of digital advertising, a rough distinction is made between devices and advertising formats. Devices include especially mobile phones/tablets, desktop/laptop, connectedTV and digital out of home. All of these devices can be used to display various digital advertising formats that convey the advertiser's message. The formats include eg. banners, interstitials, native, in-stream/out-stream and rewarded video.



After the digital advertising market had a weaker year in terms of growth in 2020 with YoY growth of 12.6%, the industry experts at eMarketer expect a significant increase in growth to over 20% as early as 2021. Global advertising expenditure in the digital media sector will thus amount to around USD 491bn in 2021. By 2025, this is expected to rise to around USD 785bn, which would correspond to a CAGR of approx. 12,5% in the period from 2020 to 2025. [1]

In the same period, digital advertising will continue to increase its market share, while traditional advertising will continue to lose relevance. By 2024, the share of digital advertising spending in total advertising spending is expected to grow from 58% in 2020 to approximately 72%. [2]

The core market of MGI's media segment is the United States, which has excellent growth prospects. The U.S. market is worldwide already by far the largest market, accounting for 40% of global advertising spending. In second place is China, which is less than half the size of the US market. In 2021, the US market will grow at around 38%, making it the strongest growth market in terms of growth. At the same time, the market share of digital advertising spend in the United States still offers additional growth potential. [3] At around 67%, the U.S. market is in the midfield and well behind countries such as Norway (82%), China (78%) and the UK (75%). [4]

4.1.2 Focus on Programmatic

Digital advertising can be traditional or programmatic. In traditional media buying, ad buyers and publishers manually trade digital ads. Programmatic automates the process through so called Real-time bidding. This allows advertisers to buy ad space almost instantly – across millions of websites. Traditional media buying involves a marketer manually negotiating prices, making the purchase directly from a salesperson. This is a complicated and time-consuming process, which creates higher costs for the advertiser. With programmatic, algorithms collect and evaluate data and make decisions about who will see the ad and where – based on which users are most likely to become customers.

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[1] eMarketer: Worldwide Digital Ad Spending Year-End Update, Nov 23, 2021; URL: https://content-na1.emarketer.com/worldwide-digital-ad-spending-year-end-update

[2] eMarketer: Worldwide Digital Ad Spending Year-End Update, Nov 23, 2021; URL: https://content-na1.emarketer.com/worldwide-digital-ad-spending-year-end-update

[3] eMarketer: Worldwide Digital Ad Spending Year-End Update, Nov 23, 2021; URL: https://content-na1.emarketer.com/worldwide-digital-ad-spending-year-end-update

[4] eMarketer: Worldwide Digital Ad Spending 2021, Apr 29, 2021; https://content-na1.emarketer.com/worldwide-digital-ad-spending-2021

The pricing model for traditional media is based on a predetermined price which is negotiated between the advertiser and the publisher. This creates a risk of overpaying for your ad placements. Programmatic's use of real-time bidding (RTB) has eliminated the advertiser's risk of overpayment, with the market price being determined by supply and demand. Reporting in traditional media buying features data scattered across various sources, all of which must be tracked down and collected by the marketer – or an agency – into an understandable report. A key difference that sets programmatic advertising apart is its transparency. Programmatic allows you to see – in real-time – how your campaign is performing, so you can make informed changes as you go. Compared to programmatic, traditional media buying is both more inflexible and slower. The amount of human labor in the process is time-consuming, expensive, and leaves a lot of room for error. Programmatic advertising automates the process, with reduced costs and increased ROI (return on investment) as a result. For this reason, the Verve Group has specialized in digital programmatic advertising.

Advertising spending in the US for programmatic advertising is expected to grow by around 41% in 2021, while average annual growth of 23.6% is expected until 2023. [5]

Broken down by device, programmatic ad spend will grow fastest on CTV (Connected TV), which eMarkter forecasts to grow 39% in 2022, after CTV grew 82% in 2021. In terms of formats, video will continue to grow faster than non-video display across all devices. [6]

CTV refers to TV devices that are connected to the Internet either directly or via an adapter and is thus the counterpart to cable or satellite subscriptions, which are still dominant at present. However, the industry experts at eMarketer predict that by 2030, only 35% of U.S. households will still use pay TV, compared with 58% today. The advantages of CTV for the audience are obvious. They are no longer limited to one screen and they are also no longer limited to watching content at the time it is broadcasted. Viewers can stream live content or watch video on demand, and they can access a vast selection either by subscribing to subscription services or by accessing ad-supported free content. The number of streaming providers has grown substantially in recent years and consumers are feeling the burden of juggling multiple subscriptions. As a result, the new term "subscription fatigue" is popping up in trend reports. This trend could significantly accelerate the path for ad-supported video-on-demand (AVOD) in the coming years. Publishers can monetize their content with advertising instead

[5] eMarketer: US Programmatic Digital Display Advertising Outlook 2022, Feb 15, 2022; URL: https://content-na1.emarketer.com/us-programmatic-digital-display-ad-spending-2022

[6] eMarketer: US Programmatic Digital Display Advertising Outlook 2022, Feb 15, 2022; URL: https://content-na1.emarketer.com/us-programmatic-digital-display-ad-spending-2022

of subscriptions, with CTV devices then playing an important role in the process. With the right platform and efficient as well as anonymized data analytics, advertisers can tailor their ad content to the audience or content genre in order to drive user engagement, and do so much more efficiently and accurately than with linear TV. The advantage for audiences then is that they can enjoy content for free and have fewer subscriptions to handle.

The growth potential in the CTV market is enormous. From 2020 to 2021, ad spending for ads shown on CTV devices in the U.S. increased by 60%. By 2024, eMarketer analysts expect growth at a CAGR of 28% to around USD 30bn in the United States alone. [7]

4.1.3 Market participants in programmatic advertising;

In the market for digital advertising, on the one hand there are the advertisers who want to acquire new customers and users or that want to sell their products and/or services by means of digital advertising campaigns, and on the other hand there are the publishers who have content - for example, games, videos, but also social media and news - that is consumed by consumers who are also the advertisers' target group. Through the sale of ads, the publisher generates revenue. In traditional digital advertising, advertisers and publishers coordinate directly with each other, which is very time-consuming, as described above. Therefore, a whole industry has emerged that stands between the advertiser and the publisher to simplify and optimize the processes of digital advertising. As can be seen in the following graphic, these include amongst others Demand Side Platforms, Data Management Platforms and Supply Side Platforms.

4.1.4 Challenges for programmatic advertising;

Apple's IDFA and SkAdNetwork changes have shaken up the market for digital media: it is now necessary to ask Apple IOS users for their explicit opt-in to track them across apps and websites from other companies. This has made tracking users more difficult, resulting in publishers being less accurate about what types of users are consuming their content. This in turn impacts advertisers, who are less able to target their ads. This ultimately means that advertisers' user acquisition becomes more inefficient, publishers are less able to monetize their content, and users see more irrelevant ads. It is

[7] eMarketer: US Connected TV Advertising 2021 Nov 18, 2021; URL: https://content-na1.emarketer.com/us-connected-tv-advertising-2021

expected that google will also take a similar step with Android. These shifts with regards to identifiers disrupt the sector.

4.2 GAMES MARKET

MGI operates more than 5,000 casual and mobile games and more than 10 premium games.

4.2.1 Games market

With more than 2.5 billion gamers in the world, the video games market has stepped into the spotlight as the most important digital entertainment industry. Emerging as a subculture back in the 80s and 90s, the global video games market has grown to be one of the largest digital entertainment industries with a CAGR of 8.7% between 2019-2024 and estimated revenues of USD 180.3 billion in 2021. By 2024, the market is expected to have grown further to USD 204.6 billion, showing no signs of slowing down. The games market has been on a steady growth trajectory in recent years. During the pandemic, the games industry experienced an exceptional boom. Based on the strong growth of 2020 -especially in Q2'20- and the re-opening of large parts of the leisure market, there was a more moderate growth of the games market in 2021, according to analysts from Newzoo. For 2022, however, they expect the market to normalize and growth rates to return to their pre-pandemic levels. Translated into concrete numbers, this means an expected annual growth rate of 7.8% between 2021 and 2023. During the same period, the total player base is expected to grow on average by 4.3% to 3.2 billion players globally generating more than 200 billion USD in revenues per annum in 2023. [8]

The fastest growing sector is the mobile games market, which is expected to grow at a CAGR of 11.2% to a total of USD 116bn by 2024, according to newzoo. In 2021, the mobile games market accounted for USD 93bn or 52% of the total games market revenue. [9]

Another positive fact is that the player base is expected to grow across all demographics in the age bracket of 13 to 84 years. The global games activity is, and has historically been, dominated by individuals in the age group between 6-24 years old. During a 2021 Statista survey, 38 percent of video game players still come from the 18 to 34 age demographic, and seven percent are 65 years and older.

[8] Newzoo Global Games Market Report 2021, Full Version

[9] Newzoo Global Games Market Report 2021, Full Version

According to Statista the rise of female gamers has been rapid in recent years, with a 2019 figure estimating that 46 percent of all computer and video gamers in the United States are female, which is a significant increase from the 38 percent female gaming population in 2006. [10]

Global mobile ad spend amounts to USD 295bn in 2021. In 2022, it is expected to increase to USD 350bn, representing a CAGR of over 22% over the last 4 years. [11] According to Statista, USD 61bn of this is expected to be in-game advertising spend in 2022, rising to USD 130bn by 2025, a CAGR of over 28%. [12] While this strong growth signals a very vital market, changes with regard to cookie policies and identifiers (such as the changes to Apple's IDFA mentioned above) put pressure on both, advertisers, and publishers as it becomes more difficult to reach the right audiences and to monetize ad spaces efficiently. Publishers with own expertise in the media space have a competitive edge here and this edge is expected to become even more valuable in the future. Based on its synergetic media and games business, MGI therefore is optimistic about the changes in the in-game advertising industry.

Mobile Games Market

According to newzoo, the mobile games market is expected to grow at a CAGR of 11.2% to a total of USD 116bn by 2024. In 2021, the mobile games market accounted for USD 93bn, or approximately 52% of the total games market revenue. [13]

4.2.2 Trends in the global games market

A major trend in the games sector, which picked up speed again during the Corona pandemic, is the development that games are increasingly becoming social platforms on which the possibilities for interaction are significantly greater and more intensive than in the classic social networks. Games has always been a social experience. Arcades and couch co-op games for consoles are early prototypes that show this sociability in action, but gamers have always gathered (physically and digitally) to discuss strategies and background knowledge, get recommendations, and compete for high scores. At its core,

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[10] Newzoo Global Games Market Report 2021, Full Version

[11] Data.ai: State of Mobile Gaming 2022, URL: https://www.data.ai/en/insights/market-data/indonesia-mobile-market-spotlight-2022/

[12] Statista: Mobile gaming advertising spending worldwide from 2020 to 2025; URL: https://www.statista.com/statistics/1240471/mobile-game-ad-spend-market-value/#:~:text=The%20worldwide%20advertising%20expenditure%20on,of%20global%20gaming%20market%20revenues.

[13] Newzoo Global Games Market Report 2021, Full Version

games is a universal language that connects people through a shared passion, common goals, and shared experiences. MGI's game portfolio is ideally suited to benefit from this trend, as the core portfolio consists of games developed for several thousand players to play the game simultaneously and together, and to form clans or guilds from which vibrant communities evolve. Another trend that is closely related, but still in its early stages, is the metaverse. It has the potential to further enhance the social nature of games by allowing players to meet in a virtual space to play.

Another trend is the increasing use of 5G. It can be expected that governments all over the world will invest more in the expansion of the 5G network and that more and more mobile phone manufacturers will make their devices 5G capable. This will create new options for mobile games that can further drive growth in the mobile sector.

The deprecation of identifiers such as Apple's IDFA poses a major challenge to the mobile gaming industry in terms of user acquisition on the one hand and monetization of ad space on the other. Without identifiers, it will be much more difficult to assign game users to specific target groups, which means that advertisers will pay less for advertising space, as they do not know how efficiently they will reach their target group via this advertising space. Accordingly, new ways must be found to divide mobile game users into segments and thus enable more efficient targeting. MGI is very well positioned with its own advertising software platform and owns innovative technologies that enable efficient segmentation and thus targeting. [14]

[14] Newzoo Global Games Market Report 2021, Full Version

SUSTAINABILITY REPORT 2021

1. WORD FROM OUR BOARD OF DIRECTORS

“We are pleased to present our second sustainability report for MGI to our stakeholders giving insights into our development as a company during the last year. We at MGI stand by what we have said in our last report: our business is not just about our products or numbers, but we need to be aware of our acting and take initiative in terms of sustainability. As a company we want to be growing long-term and in our opinion, this can only be achieved if we grow sustainably. Acting sustainably and running a successful business are a continuous process and should run hand in hand and we are committed to do our part for a more sustainable world.

2021 was the second year that we all have worked under challenging circumstances due to the ongoing Covid-19 pandemic. Our employees continued to mostly work from home and company and industry events as well as the exchange with our stakeholders was mostly arranged online rather than in person. Even though the circumstances were challenging, 2021 was a successful year with five acquisitions, which have also been integrated in our sustainability strategy, and an organic growth of 38% throughout the whole Group. While our business performance was impressive, we are equally proud of what we have achieved as a company with regards to sustainability.

Following the start of our cooperation with Planetly in 2020, we were able to report that we are carbon neutral for 2020 in August 2021, earlier than anticipated. We have established our first permanent charity with our long-term partner Eden Reforestation Projects through which our players are educated about deforestation and can buy different packages in our games which include in-game items but also real trees being planted and we have signed a cooperation with a water charity. The events around the water charity will be implemented during 2022. Additionally, we have improved our governance structure through various initiatives such as a comprehensive compliance training or the implementation of a state-of-the-art whistleblowing tool as well as establishing various committees in the near future. We have been a signatory to the UN Global Compact for several years and will continue to align our work with the 17 UN Sustainable Development Goals in the coming years.

These are only some of our highlights for the year 2021 and we are proud to present the full picture of our sustainability projects in this report. While we already achieved different milestones in our sustainability strategy, we are also looking forward to future projects and initiatives and are committed to continue our work on our sustainability strategy on an ongoing basis."

Your Board of Directors

Remco Westermann

Chairman

Tobias M. Weitzel

Deputy Chairman

Elizabeth Para

Member of the Board

Antonius R. Fromme

Member of the Board

2. OUR SUSTAINABILITY HIGHLIGHTS IN 2021

COMPANY
CARBON NEUTRAL
.planetly

MGI achieved carbon neutrality for 2020 in cooperation with planetly in August 2021, ahead of schedule.

In 2021, we had 31.59% female 0.55% diverse and 67.86% male employees from 60 nationalities

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We have established a permanent cooperation with Eden Projects already leading to donations of an additional 110,000 trees.

water.org

We initiated the cooperation with Water.org, events will start during 2022.

Intensive compliance training for workforce.

INTEGRITY LINE

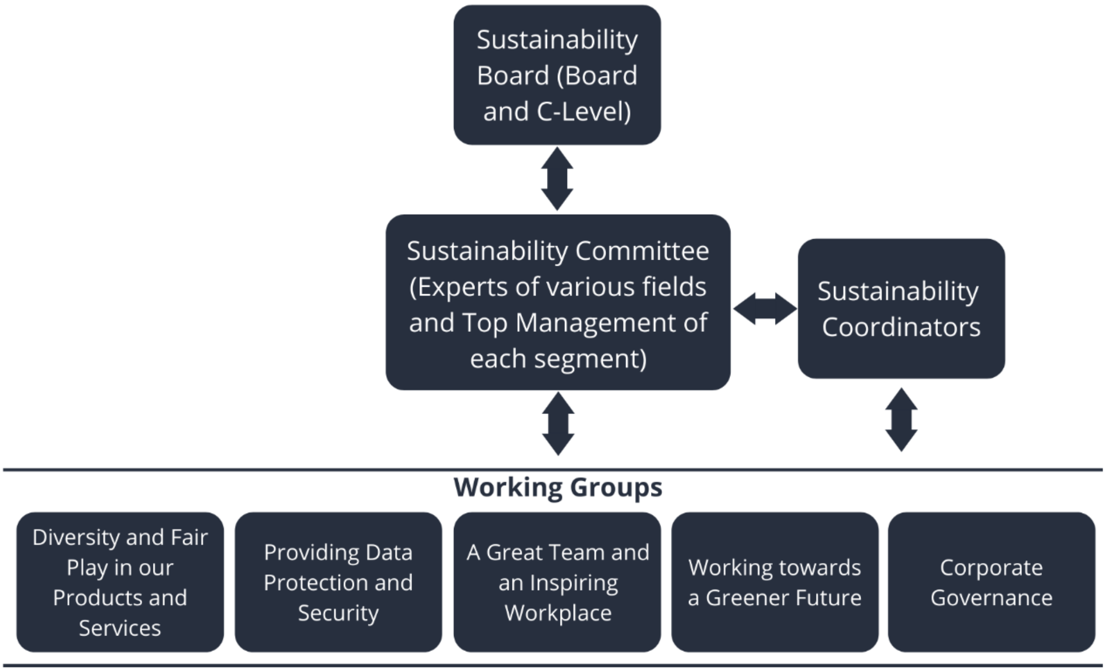
Implementation of State-of-the-art whistleblowing solution by EQS Integrity Line.

3. OUR UNDERSTANDING OF SUSTAINABILITY

MGI's business strategy is guided by organic growth and acquisitions. We are a technology driven company with focus on customer privacy, data security, energy management, employee engagement, diversity and Inclusion. This means that the company is always changing and evolving with new colleagues, products and services joining the Group. New companies and products are embedded in MGI's Group structure to maintain the high standards that we have set. We want to offer high quality products and services that are permanently maintained while we keep control of the cost with a Group wide controlling and regular cost efficiency checks. We want to create a safe environment for all our stakeholders: with our carbon neutral operations and efficient energy and infrastructure management we try to take care of our planet, we focus on our people with different initiatives for sustainable people management, we keep a strong focus on our customers and communities within both our business segments ensuring a diverse and tolerant environment for everyone and we are planning for the future with regular management meetings and by ensuring a financially sustainable and solid management of the Group. We have been a signatory to the UN Global Compact for several years and will continue to align our work with the 17 UN Sustainable Development Goals in the coming years.

3.1 Our Sustainability Governance

To support the Group in terms of sustainability, in 2021 we have created Sustainability Working Groups which complement the Sustainability Board and the Sustainability Committee, which we have presented in last year's report. The Sustainability Board, consisting of the Board of Directors and the C-Level, decides on the individual targets for our five sustainability priorities and assesses target achievements. The Sustainability Board is also responsible for reviewing and approving the Sustainability Report. The Sustainability Committee, which includes experts from various departments as well as top management of each segment, proposes the strategies to achieve these targets. To promote efficient execution of the strategies and to enable rapid achievement of the targets, the Sustainability Working Groups, which include employees from different departments, were set up in the second quarter of 2021 for the individual priorities. The Sustainability Working Groups are supported by the Sustainability Coordinators, who act as a link between the Committee and the Working Groups, but also coordinate between the different Working Groups, particularly in the case of cross-thematic projects. The Sustainability Committee meets with the Sustainability Working Groups on a quarterly basis.



3.2 Determining Material Topics for MGI

As reported in our previous report, in 2020 we have worked together with imug consulting to determine the current status quo of MGI in terms of sustainability as well as to establish clear guidelines for actions and our five sustainability priorities on which we have worked since the cooperation.

As part of the materiality analysis conducted by imug consulting, they have drawn up a questionnaire that was sent to internal as well as external stakeholders to evaluate the current status of efforts of MGI. The questionnaire was created in cooperation with the top management of MGI who had selected potentially material topics for the company from an extensive list of topics that was provided by imug consulting. However, the questionnaire also gave the opportunity to mention topics that were not preselected by management. All employees of MGI (internal stakeholders) received the questionnaire through an online survey and were able to answer the questions anonymously. Completing the questionnaire was voluntary. For the questioning of external stakeholders, a list of possible participants such as business partners, investors, media representatives, NGO's and customers (for an overview over all stakeholders, please see Chapter 3.4), was drawn up and they were contacted by mail to ask for their cooperation with the analysis. Partners that were willing to participate in the analysis could either do an online survey or were then contacted by phone from imug consulting who conducted the interview with the partner. Overall, 143 participants participated in the surveys. The results of the surveys were consolidated and analyzed by imug and then presented in a workshop to the top management of MGI comparing the expectations of stakeholders with the current status quo and performing a gap analysis. As a last step, the workshop concluded with developing the five sustainability priorities as well as the guidelines for action for MGI.

3.3 Our Sustainability Priorities

During the analysis, the most relevant aspects for MGI were identified, resulting in MGI's five sustainability priorities, which include the material topics in terms of sustainability for the company.

Diversity and Fair Play in our Products and Services

MGI is committed to create products and services that are inclusive and inspiring for all stakeholders and that are accessible to everyone. In this context, MGI has implemented policies and takes initiatives throughout the whole Group but also for the individual units, games and media, that ensure a safe and sustainable product portfolio thereby offering interesting and diverse products and services to all. This includes topics such as diversity, non-discrimination and customer health & safety.

Providing Data Protection and Security

As a globally operating games and media company, data protection and security are of the utmost importance to MGI. To create a safe environment for all stakeholders, we have taken several actions and are continuously updating and improving these measures. In all that we do, we act with a privacy first approach to create a safe environment for our customers.

A Great Team and an Inspiring Workplace

A successful and reliable company can only be built if it has a strong and motivated team and can rely on expertise and talent for all its business areas. MGI focuses on building an equal and inclusive workplace to ensure every employee gets the same opportunities to grow and that offers attractive career opportunities in a healthy working environment distinguished by diversity and gender equality, as well as a work-life balance. Providing exciting jobs with secure employment terms should be the focus for a sustainable business and a key to continued growth.

Working towards a Greener Future

Alongside the virtual worlds MGI creates for the players, we also see ourselves responsible for taking care of this planet. Especially games are energy intensive and therefore we have introduced several measures to reduce our impact on the environment. We are carbon neutral since 2020 and if possible, want to go even beyond that to carbon negative, in order to clean up our past footprint.

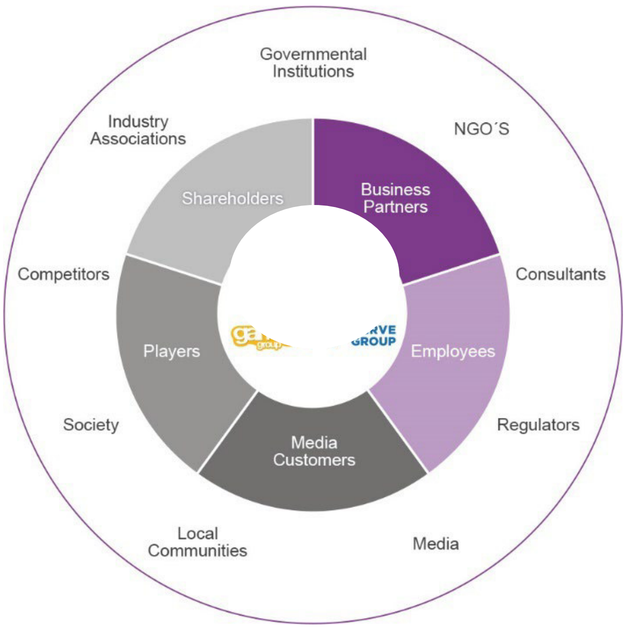
Corporate Governance

Corporate governance for us means to act in accordance with the principles of responsible corporate management geared to sustainable value creation and should aim to include all areas of the company. Transparent reporting and corporate communication, corporate management that is aligned to the interests of all stakeholders, cooperation between management and the board based on trust, and compliance with the applicable laws are the essential cornerstones of a modern corporate culture.

For a complete list of our material topics, please consider the GRI Index starting on page 64.

3.4 Interaction with our stakeholders

As previously reported, we are in frequent exchange with our stakeholders about our business development as well as our sustainability performance. Additionally, we have analyzed our different stakeholders during the cooperation with imug consulting. Please see the graph below for a detailed overview over our stakeholder base:



Stakeholders were interviewed and questioned for the first time in 2020 about our sustainability performance through online surveys and phone interviews. Additionally, we are in regular exchange with our stakeholders and have discussions about our sustainability efforts in a variety of different settings such as conversations with customers, industry events, through feedback forms and surveys, newsletters, investor roadshows, capital markets days, our reporting and press releases, meetings with business partners as well as workshops and conferences in our industry. Gaining insights from as many partners as possible is a valuable exchange for us to continue improving ourselves in our everyday work.

4. DIVERSITY AND FAIR PLAY IN OUR PRODUCTS AND SERVICES

In our last sustainability report we have given some insights into how we see our products and services in terms of diversity and fair play. While the statements from our last report are still valid, we want to give an update for both of our business segments.

Games Segment

2021 was still characterized by the Covid-19 pandemic, even though lockdowns have been temporarily eased and people were interacting more in the real world again. Nonetheless, we have seen that games have continued to bring people closer together during the pandemic and digital socializing has become more important. The strong social bonds that have been created during the pandemic have continued to strengthen during 2021. However, the continued pandemic also meant that we had to cancel real world events with our players or volunteers, such as the participation at industry events like Gamescom as well as our popular annual volunteer party.

Despite the continuous challenging business conditions, gamigo group has continued our portfolio approach in the games segment by taking steps to widen the games portfolio, by targeting more platforms and game genres and through the setup of a strong games launch department. This means that all games have received content updates during the year and that we have aimed at further increasing player engagement by implementing a growing number of in-game events. Additionally, we have established permanent satisfaction surveys for customers who were in contact with the customer support. Moreover, we have updated our terms and conditions for our games as well as the games platforms to be even more transparent to our customers. Additionally, we have implemented new behavioural guidelines for the discord and social media channels for our games.

To ensure the quality of our games portfolio and in addition to the legal requirements, we are following such as youth protection or data protection and which differ from country to country, more than 75% of gamigo's games portfolio is checked frequently on its political correctness, meaning checking the avoidance of any glorification of violence or drug use (incl. alcohol) as well as the avoidance of sexual content. Additionally, parts of the portfolio have voluntary age restrictions for registering. During 2021, there have been no incidents of non-compliance concerning either product and service information and labelling or marketing communications.

Community Management and Customer Support at gamigo group

At gamigo group, community management is a central element in our strategy to offer a safe game environment to our players. Our community managers are responsible for all communication between the company and the games community. This includes creating and publishing content for social media such as sales announcements and informing about updates in our games but more importantly our community managers are the face of the company for our gamers and are in charge of moderating our various in-game chats, Discord servers, forums, Steam and social media pages. Through these channels they receive feedback from players about our games and forward them to the respective departments. While players have the opportunity to directly complain about any issues in the games to the community managers and to the volunteers supporting them, there are also dedicated channels for customer support (issues such as bugs in a game, problems with an account) and a special reporting section on our games services page for complaints about misbehaviour. The community management team together with their volunteer teams are moderating all our different platforms to their best capabilities and ensure that rules and guidelines are followed. All players need to read and accept the behavioural rules before participating in social interactions and are warned and eventually sanctioned if they do not follow these rules, which in some cases can also lead to a permanent ban from a game or a platform.

In addition to our community managers, our customer support agents are essential for the efficient functioning of the games and the satisfaction of the player base. On average, around 15.000 tickets are written on a monthly basis, with an average time to answer of 1.5 days and an average time to solution of 5.5 days. To further improve our customer support work, we have created an extensive training program for our customer support teams. The training plan was split in two halves (H1 and H2) and covered different topics such as "how to be a better agent", communication workshops, ticket troubleshooting or documentation workshops. Additionally, monthly agent quality assessment meetings were organized and new KPIs introduced. Every player that is in contact with a customer agent receives a survey for every ticket to give feedback how satisfied they were with the solution. This feedback is then looped back to the customer support agents to follow up on and in case it is necessary, customer support agents get training to improve the customer satisfaction.

Media Segment

As we have stated in our last sustainability report, our media segment Verve Group operates with a privacy by design approach with a strong focus on data privacy, brand safety and transparency of our services. This means that we operate with an open-source software development kit (SDK) allowing our publishing partners to monetize their ad inventory in a transparent way. With the deprecation of Apples Identifier for Advertising (IDFA) which came into effect in spring 2021, our approach in combination with our innovative technical solutions has gained more traction. Our anonymized targeting solution ATOM is a privacy by design audience builder, where the audience model is built directly on the device. User data stays on the device and only generic audiences are shared. This technology is currently testing with beta publishers and agencies and is also part of the Publicis testing framework for privacy-first solutions. Moreover, Verve Group's DSP is integrating 3rd party technologies like LiveRamp (RampID – pseudonymous identifier), ID5 (universal ID), Google (FloC – interest cohort) in order to safely and securely exchange user-level identification with cookie-less and privacy by design solutions.

2021 also marks the year Verve Group brought contextual expertise in-house with the acquisition of Beemray. A vast majority of the web-based digital advertising world still runs on cookies to target consumers — a world that has an expiration date. Thanks to advances in Artificial Intelligence, Beemray redefines contextual targeting with its ability to classify published content in real-time within the bid stream. Built for a programmatic world, Beemray can process 100% of the bid requests that come its way — almost three times more than that of comparable solutions out in the market today. With the deprecation of cookies up ahead, marketers have a small frame of time to test and iterate on alternate solutions. Verve Group is actively working with advertising partners to educate and help them adopt privacy-first solutions such as ATOM and Beemray, that cannot just secure their advertising spends, but also offer a sustainable technology to scale their marketing efforts.

All advertising and publishing partners of Verve Group are required to follow strict content guidelines that forbid serving prohibited content such as sensitive adult content, violence, drugs or the like. The policy is available publicly on the Verve website and the content guidelines are also included in the client onboarding.

Additionally, our exchange and Verve DSP products have implemented an integration with 3rd party technology GeoEdge to automatize real-time scanning of creatives, in order to prevent showing malicious creatives (sexual harassment, violence, hidden malware, etc.) by providing publishers with an advanced machine learning solution to combat malicious advertising. Those creatives are registered in our system, so they get filtered out for future transactions. In 2021, the Verve DSP checked 1,603,879 impressions with potential incidents for a total of 772 incidents. Partners can also directly reach out to the Exchange or the Verve DSP to signal problematic creatives which could have been overlooked and we have a dedicated flow to handle such requests. The DSP received 47 complaints from partners in 2021. Additionally, when the Exchange sees incoming bid requests with a COPPA flag (Children's online privacy protection act), they zero out all PII (personal identifiable information) in the request. This means that when publishers specify that the request is coming from COPPA enabled device, there is no user level targeting and the user data will not be stored.

In order to keep our products up to date with the latest developments in the field of security (e.g., data security, fraud prevention) and to adapt them to changing conditions and new challenges, Verve Group also cooperates with various experts from the industry. Verve, for example, announced the addition of Pixalate's analytics tool to its ad fraud detection and measurement mechanisms. Having previously implemented Pixalate's MRC-accredited invalid traffic (IVT) detection solutions across its platform, Pixalate's analytics tool enables Verve Group to measure invalid traffic more effectively by showcasing the time and source of fraudulent activity from inventory sources and thus ensures a safer, more transparent advertising ecosystem by addressing ad fraud from all angles.

To incorporate and receive their publisher and advertisers' feedback on a frequent basis, Verve Group has established a more streamlined process to gather feedback from supply and demand partners in quarterly and annual feedback loops which should also improve the service quality every year.

Verve Group has also continued to share thoughts and insights on current themes especially when it comes to top of mind topics such as privacy and identity or transparency in the advertising industry across media outlets, panels or podcasts and is also active in numerous industry associations such as the Mobile Marketing Association, Prebid, or IAB, which, among other things, seek to foster industry collaboration to create frameworks, standards, and industry programs, as well as accelerate change and innovation in the digital advertising industry and the technologies that enable its advancement.

Lastly, Verve Group has continued its successful cooperation with AdTechCares which it initiated in 2020. This year the focus was to fight COVID-19 misinformation and support Black Lives Matters efforts in addition to launching a vaccination trust campaign and supporting the COVID-19 crisis in India as well as promoting solidarity for the AAPI community. In total, more than 22 million impressions were contributed to AdTechCares. Additionally, Verve Group has supported Ad Relief and ThinkLA, which both support individuals from the Southern Californian advertising and promotions community in difficult situations such as financial impacts due to COVID-19, earthquakes or fires.

Outlook

In addition to our initiated or continued projects, we have also started the application process with "Playing for the Planet" for our games unit gamigo group. By joining the initiative, which was founded in 2019, we hope to benefit from a fruitful and enriching discussion and exchange with other games companies and to strengthen our environmental engagement by further decarbonizing our platforms and engaging and educating our players on taking green action. Additionally, gamigo will introduce events connected to sustainability themed days such as the World Water Day, Earth Hour, World Environment Day or World Wildlife Day. These events are aimed at educating our gamers in a fun and playful way about the respective issues as well as raising awareness about them in our community.

Looking into 2022, Verve Group is looking to continue its cooperation with AdTechCares. In 2022, the initiative will try to focus on identifying organizations that combat climate change and that address the climate crisis as well as other initiatives that work towards the greater good of the society as a whole.

5. PROVIDING DATA PROTECTION AND SECURITY

Being a globally operating games and ad software company, data protection and security are of the utmost importance to MGI. We have a strong focus on the topic and correspondingly devote many resources to it. It is important to emphasize that this applies to both internal and external processes, e.g., in the media segment, where we always work with a "privacy by design" approach in the provision and further development of our products and services.

While the measures we have reported on in our last sustainability report are still valid and applied throughout the organization, we have continued to work on the topic and introduced new initiatives such as increasing the effectiveness of instruments aimed to control and mitigate vulnerabilities or increasing our incident response capabilities. We also want to take the opportunity in this year's report to give further insights into the organizational structure of our Data Protection and Security Department.

At Group level, MGI has a legal data protection unit that is headed by the Head of Group Data Protection. In addition, an In-House Cookie Manager as well as a CIPP/US and CIPP/EU qualified lawyer (Certified Information Privacy Professional) support the legal data protection team. Additionally, EU representatives according to Article 27 of the General Data Protection Regulation (GDPR) are appointed for both business segments, games and media.

Beyond that, the internal Data Protection Team is supported by different external partners. Both segments, gamigo group and Verve Group, have a dedicated external Data Protection Officer that helps and evaluates both business segments in terms of data protection. Additionally, an external US council specialized in CCPA (California Consumer Privacy Act) as well as a German council for GDPR are working closely with the Legal Data Protection unit.

As part of this groupwide set up for data protection and security, numerous data protection and data security training sessions were held throughout the year, which every employee is required to attend once a year. The CCPA training has been completed by all employees, while the GDPR training has a completion rate of 60% due to the rollout of a new training tool in Q4 2021. All employees are required to complete the GDPR training and regular invitations are sent to new employees. All privacy policies are kept up to date and in place for both segments, and there is strict compliance with GDPR, CCPA, LGDP (Brazil) and all other applicable data protection laws throughout the Group.

To ensure continued compliance with GDPR, CCPA, LGPD (Brazil) as well as other applicable laws, the Data Protection unit has reviewed and updated all privacy policies for both business segments wherever adjustments to the policies were necessary during the last year. The relevant privacy policies can be found on each concerned website and anyone who wants to get in contact with the Company about the privacy policies or any data related issues can find the relevant contact and corresponding e-mail addresses in the privacy policy as well as additional information on how to get in touch with the Legal Data Protection unit. Concerned parties also have the opportunity to raise complaints with the data protection authorities. Moreover, a groupwide common cookie practice including a necessary active user opt-in for non-essential cookies, which is in line with the legal requirements, was implemented wherever necessary.

To support the work of the data protection unit, several new tools were implemented. Amongst them is a half-automated data processing directory tool which has been implemented in 2021 for gamigo group, and which is currently under review by the data protection officer and shall be rolled out to the media segment thereafter. The chosen tool is provided by OneTrust which allows to comply with all relevant privacy laws while offering the possibility to follow checklists and data processing automatically while it is also privacy by design. For the group, we have also implemented and exchanged the new Standard Contractual Clauses for data transfers to third countries within the required deadline and set up an in-house task force for the self-assessment of MGI's data transfer from the EU to third countries (Schrems II).

Lastly, to ensure the safety of the data and its system, MGI has a dedicated cyber security team for both of its segments, gamigo group and Verve Group, which work closely together with the Legal Data Protection unit. There have been no incidents that were subject to a formal process within the last two years. More details on how both gamigo group and Verve Group are handling cyber security and specific measures in terms of data protection and security can be found in the following paragraphs.

Games Segment

Data Protection and Security

Gamigo group is involved in the *game – Verband der deutschen Games-Branche e.V*, which is very active in setting standards and implementing self-regulation for various topics related to games such as data privacy or youth protection. Gamigo group works actively together with and participates in various work-streams of the *game – Verband der deutschen Games-Branche e.V.*.

As announced in last year's sustainability report, we have rolled out a fully automatized "deleted my account" function on all our games backends in 2021, making sure that all players can quickly and efficiently exercise their rights under GDPR and CCPA. Furthermore, during 2021 we have revised our customer support tools and reply forms to increase transparency regarding our gamigo group companies as described in the previous chapter.

Cyber Security

Gamigo's Information Security Strategy is aimed to effectively decrease cybersecurity risks for both the company's assets as well as for our client data by taking a proactive approach by implementing and evolving better solutions and practices for granting confidentiality, integrity of information and availability of our services, with compliance to the current privacy laws and data protection requirements such as GDPR, CCPA and PCI DSS (Payment Card Industry Data Security Standard). Gamigo's Information Security Management System (ISMS) is based on the "Center for Internet Security" (CIS) Critical Security Controls that recommends effective sets of actions for cyber defence that provide specific and actionable ways to stop today's most pervasive and dangerous attacks. The ISMS is managed by gamigo's internal Cybersecurity Team who implements the necessary security controls and permanently improves them.

Gamigo group as a games publishing company is actively investing in internal and cloud infrastructure security and boundary defence. Our products and portals are secured by modern DoS (Denial of Service) and WAF (Web Application Firewall) protection. Gamigo group's IT systems are included in a Vulnerability Management Program that permanently monitors the system for security bugs and actively updates with the latest security patches. Moreover, gamigo group has a strong security culture, which is applied throughout the company and applies to all employees. Under our Security Awareness Program all employees are periodically trained with different trainings aimed to recognize and fight instances such as phishing or social engineering attacks and our IT teams are trained to develop, implement and maintain systems with best and safe practices.

Media Segment

Data Protection and Security

In the Media segment we have taken additional initiatives during 2021 to support and increase our Data Protection and Security. During 2021, we have appointed one groupwide Data Protection Officer who is responsible for the whole Verve Group including the acquisitions of Beemray, Smaato and Match2One and who supports the media segment in reacting adequately and precisely to the more and more complex changes in data protection regulation.

With the same idea of having more effective, faster, and unified responses to privacy matters, a groupwide workflow has been created to handle all rights of data subjects and related opt-out requests for regulations such as GDPR or CCPA. This workflow will embed the latest acquisitions (Beemray, Smaato and Match2One) in 2022.

Verve Group is a member of IAB Tech Lab, which is a community that enables growth and trust in the digital media ecosystem and has received the IAB Tech Lab`s Open Measurement (OM) SDK certification for display and native video ad formats. This certification provides Verve Group partners with stronger ad viewability measurements and verification for in-app advertising. Moreover, Verve Group continues to support the IAB Europe´s Transparency and Consent Framework (TCF 2.0), which defines regulations and technical specifications for digital operators to align them on transparency and user choice requirements based on the EU privacy and data protection laws. Additionally, Verve is constantly working with their partners to ensure a similarly high level of data protection with their partners e.g. by frequently sending them questionnaires about their data protection efforts. This is particularly important as the consent string contains many different partners.

Next to these already established memberships, Verve Group is also active in numerous industry associations such as the Mobile Marketing Association or Prebid and advocates for full transparency in the open advertising ecosystem by promoting and actively contributing to these initiatives. All initiatives seek to foster industry collaboration to create frameworks, standards and industry programs, as well as accelerate change and innovation in the digital advertising industry and the technologies that enable its advancement. Prebid, for example, is a global community of ad tech experts that develop open-source technologies to allow web and mobile publishers to implement header bidding on their websites and apps.

In all services that Verve Group provides, it strives for the highest possible transparency towards the customer to form the antithesis to the walled gardens of Facebook, Google and Apple. For us, this also means that we are using open-source software as much as possible to be fully transparent. During 2021, at Verve Group, we have also invested into the innovation and development of “privacy by design” products and services. On the forefront of this is the anonymized targeting solution “ATOM” which is currently in testing with beta publishers and agencies. This innovative in-house product was explicitly developed to ensure user acquisition without the use of an “identifier for advertisers” (IDFA) or, in the future, cookies, while operating with a full privacy first approach. Currently, we have handed in the patent application (non-provisional) for ATOM to both the European Patent Office and the US Patent and Trademark Office.

Cyber Security

During 2021, Verve Group has implemented a regular penetration test in collaboration with Cobalt. Cobalt’s penetration test platform is coupled with an exclusive community of testers that deliver real-time insights that are needed to remediate risks quickly and innovate securely. The tests are run in seven stages: the penetration test is planned, defining the assets and the frequency that you want to test and the scope is evaluated meaning how deeply you will test and what resources will be needed. Then the test is executed, and the results are evaluated. Discovered vulnerabilities will be mitigated and the results are reported to relevant stakeholders. The fixes are then retested and the whole process is repeated in the frequency that has been agreed previously. Following the completion of the initial internal penetration test, the Cyber Security Team will set up a responsible disclosure program with ongoing public penetration tests.

Outlook

Data Protection and security is an ongoing and flexible topic which constantly evolves and to which we need to adapt on a constant basis as a company. Therefore, we have some additional actions in place that are either ongoing or planned for next year.

For the whole group, compliant cookie banners will be extended to all new Group companies, which join MGI through mergers or acquisitions by using the Consent Management Platform provided by OneTrust. Moreover, we will evaluate a data protection management software during the next year. Additionally, a short data protection guideline is to be published and all legal texts will be supplemented with short age-appropriate summaries.

In Q1 2022, the legal data protection team will also appoint In-House Data Protection Coordinators. All employees that are appointed as In-House Data Protection Coordinator will receive specialized training to prepare them for their duties. In the long term, the In-House Data Protection Coordinators should serve as a link between the different departments and the Legal Data Protection unit and should help to resolve any potential issues relating to data protection and security.

At gamigo group, we are currently planning to expand the services of the Youth Protection Officer to perform regular audits and exceptional audits due to ad-hoc events that might occur. Additionally, it is discussed that he should support the legal department in youth protection matters and laws more extensively.

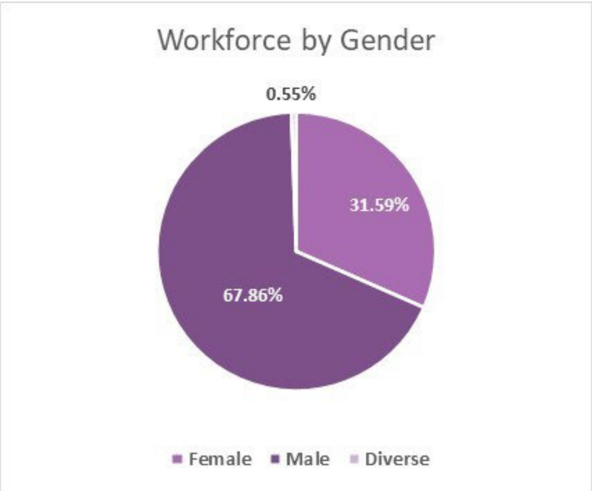
To further increase our youth protection efforts and while some of our games already have age restrictions, we are also discussing how to evaluate our game portfolio regarding an age rating, to get the games labelled according to USK and ESRB and if we should implement age restrictions for the whole portfolio on a game-by-game basis.

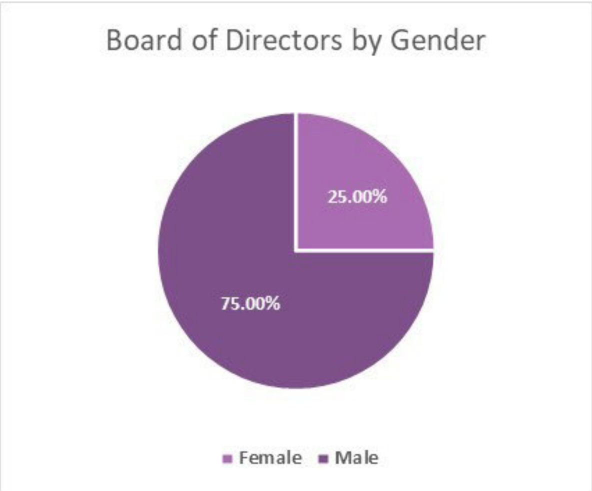
At Verve Group, we are currently evaluating to get the ISO27001 certification for all platforms. Platform161, Verve Group's Demand-Side-Platform is already certified. The ISO27001 is an international standard, covering over 140 requirements in the area of information technology, security techniques and information security management systems.

In 2022, Verve Group will also introduce a new security awareness training program to replace the existing training programs of the individual companies. Under the new Security Awareness Program all employees are periodically trained with different trainings aimed to recognize and fight instances such as phishing or social engineering attacks. Additional focus for 2022 will be on the migration of all employee accesses for existing and new group members to a primary identity provider, which will ensure that employees have secure and efficient access to our systems. In the implementation, the existing concept of least privilege will be improved and applied centrally.

6. A GREAT TEAM AND AN INSPIRING WORKPLACE

Being a globally operating company with two major business segments that grow rapidly both organically as well as inorganically through acquisitions, MGI recognizes the importance of having a strong and united set of values as a foundation of the corporate culture. Integrity and trust are important pillars for a sustainable work environment and an open and diverse corporate culture and joint values are a key factor for long-term development and sustainable success as a company. Therefore, the leadership team and the HR department are focused on building a workspace that fosters teamwork, commitment, and ensures psychological safety to employees. A flat hierarchy and a culture of no politics encourage individuals to be creative and to develop to their maximum potential resulting in the collectively built success of the organization. 2021 was recognized globally as the year of the Great Resignation and Great Talent Shortage. MGI's internal HR initiatives prevented the major turnover and assured significant organic growth despite the competitiveness of the international talent market.





Nationalities

60

different nationalities at MGI

New Hires

383

new hires in 2021

For additional data on our workforce, please consider Chapter 9 starting on Page 55.

Recruiting & Onboarding

To meet the ambitious hiring plans, MGI decided to strengthen the Talent Acquisition team and adjust processes to make them more effective and efficient. Investment in Talent Acquisition headcount, a new hiring strategy focused on sourcing and talent mapping, targeted employer branding campaigns, and a competency-based interview process including unconscious bias training for managers to avoid any discriminatory recruiting are examples of innovations that were introduced in 2021. Plans for 2022 include further improvements since the goal of the team is to be able to quickly adapt to the global talent market transformation.

Having a well-structured onboarding process is crucial to ensure the smooth integration of the new joiners with the team and to guarantee higher operational effectiveness. Among the new initiatives it's worth mentioning the refreshed onboarding materials related to the relocation and visa assistance as well as buddy program, newcomer recognition in the newsletter and team communication channels, structured 30 – 60 – 90 orientation plan, and many more. Additionally, different product workshops about the individual departments were introduced to allow new joiners to get a comprehensive overview over the Group.

Training & Coaching

To meet the self-development needs of employees at MGI, the HR department together with the leadership decided to introduce the unified learning & development policy across the group. The training not only supports individuals by enabling them to grow but also supports the organizational needs of developing specific competencies amongst the current headcount. The new training budget can be used by each employee to improve functional, technical, or soft skills through an e-learning platform, onsite courses, or certifications. Moreover, we are continuing with our well used English and German courses and simultaneously, Verve Group runs a trial internal mid-level leadership academy to strengthen new managers' skills which covers topics like neuroleadership, employee motivation, and communication. These trainings take place once a quarter with an extension of topics and target groups planned.

Retention and Wellbeing

2021 continued to be a year of remote and distant relations. Retaining the team spirit was a challenge due to the ongoing pandemic. Covid and lockdown didn't allow the team to participate in the onsite events despite the original plans, however, multiple online events helped to sustain high morale and to maintain connectivity between employees. Online summer parties with a cocktail workshop, a Halloween Party, Secret Santa, and multiple smaller initiatives run by the internal culture team allowed MGI to keep the team spirit positive. The Office Management was pimping online meetings with fun items and giving small recognitions to make up for missing live events, but we surely hope to be able to go back to more live fun action next year.

During 2021 we have also aligned the benefits, which apply equally for both full-time and part-time employees, across the group and changed our approach to a more people-centric concept for the whole MGI group. Recognition and appreciation expressed in company anniversaries, benefits and budgets for internal social activities (team events, lottery lunches) and benefits like support of public transport or private pension insurance were reviewed in the process. We also continue our bi-annual 360 degree valuations, which are our regular employee surveys where we have a completion rate of 100% and have worked on our feedback loops.

Employees' health and wellbeing were prioritized throughout the year. For many years, MGI is already supported by external providers in identifying hazards and minimizing risks in the workspace. All employees are educated about occupational health and safety on a regular basis as required by law. New hires receive health & safety information during onboarding and are also informed about the legal requirements in the respective countries. Measures to improve the occupational health services are set in regular meetings in cooperation with the external provider. Throughout 2021 there have been no work-related injuries.

Next to the suggestions of the external providers, MGI also has own initiatives implemented to promote employee health. Among the most relevant initiatives, internal workshops about the health in the remote setup are worth mentioning as well as a global wellness competition. All initiatives were highly appreciated by employees.

The most effective and successful initiative related to burnout prevention was Recharge Week run in June as a pilot in the media segment. The leadership decided to slow down operations for two weeks and ensured each employee takes a special paid time off to rest and recharge before the second part of the year. The level of engagement and effectiveness of work increased significantly. The initiative was later also introduced by other global companies, however, MGI was one of the first organizations to plan events like this.

Lastly, to support maintaining the health and safety of our employees in a global pandemic, wherever possible, MGI has cooperated with the local health authorities to offer Covid-19 vaccinations or a flu vaccination for everybody. The offer was well received by the employees: the flu vaccinations have been proposed by HR and have been given out during the fourth quarter and Covid boosters have followed in January 2022.

Outlook

Although MGI introduced a lot of initiatives throughout 2021, the plan is to further adapt and evolve internal processes. The ultimate objective of the Group is to become an employer of choice and build a people-centric organization. The HR team identified the main steps that will allow the company to achieve the goal: strengthening mid-level leadership, creating a culture of people-centricity, fostering diversity and inclusion, and encouraging purpose-driven work. Having a clear direction and defined milestones helps MGI to continue being innovative and to quickly react to the talent market transformation happening on a global scale.

The HR department will continue to focus on retention, recruitment, and building a scalable infrastructure. The 2022 roadmap includes initiatives like formulating internal communication and organizational guidelines, refreshing the rewards and recognition system, improving the recruitment craft with initiatives such as cooperations with universities, introducing more internal as well as external training and introducing modern recruitment and HR tools. By constantly working in these areas, we are aiming to provide a workspace with flexibility in which each employee can profit from the benefits that suit their lifestyle and needs best.

Apart from running activities related to building a sustainable workplace, the MGI community wants to further contribute to global movements protecting the climate and supporting those in need. In 2022, the team will participate in events such as waste collection, donations and will continue to learn how to be cautious and protect the environment in everyday life.

7. WORKING TOWARDS A GREENER FUTURE

Taking care of our planet should be a priority for anyone. At MGI we have implemented measures to reduce our ecological footprint.

One important aspect for us is to reduce our energy consumption. Whenever possible, we try to reduce the use of energy resources. This means that we host our data in the cloud rather than on own physical servers, reducing our energy consumption. Large parts of our cloud operations are hosted with Google Cloud. Google is investing heavily into switching the energy supply throughout all its operations to carbon-free energy and Google Cloud customers are benefiting from this through the usage of the cloud operations. We also continuously adjust our resource allocation based on game needs and shut down no longer needed resources. In addition, in the media segment, we are actively working on optimizing our bidding processes to reduce our volumes to be more efficient with our energy consumption. Lastly, and even before the Covid-pandemic, we try to reduce business trips to a minimum. On average, we hold around 24.000 virtual meetings per year and have over 36.000 individual calls.

During 2021, we also continued our successful cooperation with Planetly, which we initiated in 2020. While the primary goal of our cooperation is to identify possible potential for emission reductions, we have also offset our emissions of 2020 as these emissions lie in the past and can no longer be reduced or avoided.

Our first step was to analyze the year 2020: we have recorded and verified all carbon emissions throughout the whole organization, the emissions of our suppliers and the emissions of our players. The overall analysis allowed us to gain a picture of where we are creating emissions and then to identify potentials for reduction. A total of 4,949t CO_2 (including a 10% safety margin) was measured for MGI which also included any emissions from data centers, offices, travelling, suppliers and MGI gamers. After the data collection was completed, we have asked our employees to choose the projects we should support for the offset. Employees were able to choose between 11 projects in the following categories: community projects, nature-based projects and renewable energy projects. The chosen projects were a Clean Water Project in Rwanda, a REDD+ Rainforest Project in Borneo (REDD: Reducing Emissions from Deforestation and Forest Degradation) and a Solar Power Project in Kenya. The Water Project in Rwanda so far provided 11,870 people with access to safe water and saves around 10,000 t CO2e each year while the project in Borneo prevents 64,500 hectares of carbon-rich peat swamp forests with high biodiversity from conversion into palm oil plantations. The aim of the

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NEUTRAL
.planetly

program in Kenya is the dissemination of battery-charged solar home systems (SHS) to provide basic lighting service to households currently using fossil fuel-based lighting. By reducing our carbon footprint and offsetting our carbon emissions, MGI has now for the first time reached carbon neutrality for 2020, earlier than anticipated.

We are currently working on preparing the data for the year 2021. Here, we are currently improving our overall tracking systems in order to get clearer insights into what our largest drivers for our carbon emissions are based on our different business units. Once, we have finished the data collection for 2021, we will inform our stakeholders about the results.

Lastly, after the successful collaboration with the Eden Reforestation Projects during 2020 and the beginning of 2021, where we planted over 200,000 trees in cooperation with our players, we decided to permanently support the Eden Reforestation Projects by establishing them as our first permanent charity. We have created a permanent website in September 2021 which informs about the project and have regular promotions and events around the topic, which has already generated additional donations for more trees to be planted on an ongoing basis.

Outlook

During the second half of 2021, we have signed an agreement with Water.org to integrate a water charity in our games. The project will be rolled out during the first half of 2022. Presently, 785 million people, which is 1 person out of 9, are lacking access to safe water and 2 billion people, so 1 out of 3, do not have access to sanitation. This has severe effects in different ways: nearly 1 million people die each year due to health issues coming from unsafe water, lack of sanitation and hygiene-related diseases. Woman and girls spend millions of hours every day to find safe sources of water, time that could otherwise be used for education, working or taking care of family members. Water.org helps people get access to safe water and sanitation through affordable financing such as small loans. We will work together with Water.org by implementing a charity website, bringing attention to the issues around water, as well as by creating themed events in our games to incentivize players to donate to the charity.

Additionally, individual offices throughout the Group have planned different initiatives that educate employees about our environment such as a Trash Tuesday which teaches employees about the correct recycling in the office or a waste collection kayaking tour.

8. CORPORATE GOVERNANCE

As part of our annual report, we will also include our Corporate Governance Report for the year 2021. Please refer to the Governance Report for a complete overview over our governance structure. Nevertheless, we want to present some highlights in this section.

During 2021 we have further expanded our efforts in terms of governance to reflect the strong growth of the company over the past year and to prepare ourselves for higher requirements such as those of a regulated market. This includes amongst others the further optimization of the internal control system in cooperation with KPMG which was kicked off during Q2 2021. MGI has also decided to implement a new external whistleblowing system in order to offer an even safer, simpler and more efficient solution for employees and stakeholders to report any breaches of applicable law and/or our regulations and policies. The new tool is provided by EQS Group and should keep the inhibition thresholds for possible reports as low as possible and enables anonymous reporting. EQS is a leading provider of software solutions in the area of regulatory technology focusing mainly on compliance topics. Its whistleblower system is GDPR-compliant, meets the highest requirements for IT security and data protection, and fulfils regulatory requirements for whistleblower protection based on the EU Whistleblower Directive. It enables employees and stakeholders to report violations of the law or our policies in the company in a secure and confidential way.

In our ongoing pursuit to raise awareness for compliance, MGI organized an in-depth compliance training. During the first half of 2021, MGI employees completed a compliance workshop covering topics such as anti-money-laundering, bribery, corruption, and sanctions. Employees were made aware of the warning signs and pitfalls in connection to the aforementioned topics and how to act in case critical situations arise. The training was given by lawyers from Baker McKenzie and was well received by the employees. Overall, 123 employees (~ 17% of the total workforce) in relevant positions were informed and trained about anti-corruption procedures, including all members of the Board of Directors (4 out of 4, 100%). Business partners were not included in the training. Throughout 2021, there have been no incidents of corruption confirmed, no employees were dismissed or disciplined due to corruption and no business contracts were terminated due to violations related to corruption. There have been no legal cases regarding corruption brought against MGI or its employees during the reporting period. Additionally, there have been no cases of non-compliance with laws and regulations during the reporting period.

Lastly, we have increased our sustainability governance as explained in chapter 3.1. For further details about our governance, please refer to our governance report starting on page 70.

Outlook

As mentioned above, MGI has kicked off the implementation of an internal control system in 2021. Alongside our internal control system, we are also improving our compliance management system. Firstly, we will update our existing policies and supplement them with all other necessary policies and guidelines. Secondly, we will complete our compliance management system by designing and implementing training measures, processes and other organizational measures to ensure compliance with legal requirements throughout the whole organization. Finally, we will implement an internal control system according the COSO framework (Committee of Sponsoring Organizations).

9. DATA

Workforce

Employees

(Head count at the end of the reporting period)	**Female**	**Male**	**Diverse**	**Total**
Total	***230***	***494***	***4***	***728***
Germany	117	230	2	***349***
Netherlands	6	12	0	***18***
Spain	2	2	0	***4***
Sweden	2	10	0	***12***
Finland	0	6	0	***6***
Armenia	2	5	0	***7***
Poland	2	9	0	***11***
United Kingdom	1	0	0	***1***
Canada	0	1	0	***1***
USA	75	171	2	***248***
Brazil	2	2	0	***4***
South Korea	0	4	0	***4***
India	9	35	0	***44***
China	9	3	0	***12***
Singapore	3	4	0	***7***

Permanent Employees

(Head count at the end of the reporting period)	Female	Male	Diverse	Total
Total	***227***	***487***	***4***	***718***
Germany	117	226	2	***345***
Netherlands	4	9	0	***13***
Spain	2	2	0	***4***
Sweden	2	10	0	***12***
Finland	0	6	0	***6***
Armenia	2	5	0	***7***
Poland	2	9	0	***11***
United Kingdom	1	0	0	***1***
Canada	0	1	0	***1***
USA	74	171	2	***247***
Brazil	2	2	0	***4***
South Korea	0	4	0	***4***
India	9	35	0	***44***
China	9	3	0	***12***
Singapore	3	4	0	***7***

Temporary Employees

(Head count at the end of the reporting period)	Female	Male	Diverse	Total
Total	***3***	***7***	***0***	***10***
Germany	0	4	0	***4***
Netherlands	2	3	0	***5***
USA	1	0	0	***1***

Non-Guaranteed Hours Employees

(Head count at the end of the reporting period)	Female	Male	Diverse	Total
Total	***14***	***20***	***0***	***34***
Germany	1	2	0	***3***
USA	13	18	0	***31***

Full-Time Employees

(Head count at the end of the reporting period)	Female	Male	Diverse	Total
Total	***211***	***480***	***4***	***695***
Germany	103	219	2	***324***
Netherlands	2	11	0	***13***
Spain	2	2	0	***4***
Sweden	2	10	0	***12***
Finland	0	6	0	***6***
Armenia	2	5	0	***7***
Poland	2	9	0	***11***
United Kingdom	1	0	0	***1***
Canada	0	1	0	***1***
USA	74	169	2	***245***
Brazil	2	2	0	***4***
South Korea	0	4	0	***4***
India	9	35	0	***44***
China	9	3	0	***12***
Singapore	3	4	0	***7***

Part-Time Employees

(Head count at the end of the reporting period)	Female	Male	Diverse	Total
Total	***19***	***14***	***0***	***33***
Germany	14	11	0	***25***
Netherlands	4	1	0	***5***
USA	1	2	0	***3***

Gender as specified by the employees themselves. Fluctuations are mainly due to the acquisitions of KingsIsle, Beemray, Smaato and Match2One and the closure of the affiliate and influencer marketing activities.

Workers who are not employees at the end of the reporting period (in headcount)

In addition to our employees, MGI has employed 81 freelancers with unlimited contracts at the end of the reporting period who are carrying out work for MGI on a monthly basis in the areas of product management, engineering, community management, game art and design, game engineering, recruitment and sales.

Remuneration policies

The remuneration policy for senior executives is the same as for regular employees at MGI. Remuneration is negotiated between employer and employee based on frequent employee reviews considering performance, added value and motivation. Bonuses are linked to the economic success of the company and department specific KPI's.

Annual Total Compensation Ratio

Annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excl. the highest-paid individual): 5.38/1

As this is the first year in which this number is reported, there is no ratio of the percentage increase in annual total compensation provided. This will be included in next year's report using this year as a base year.

New employee hires

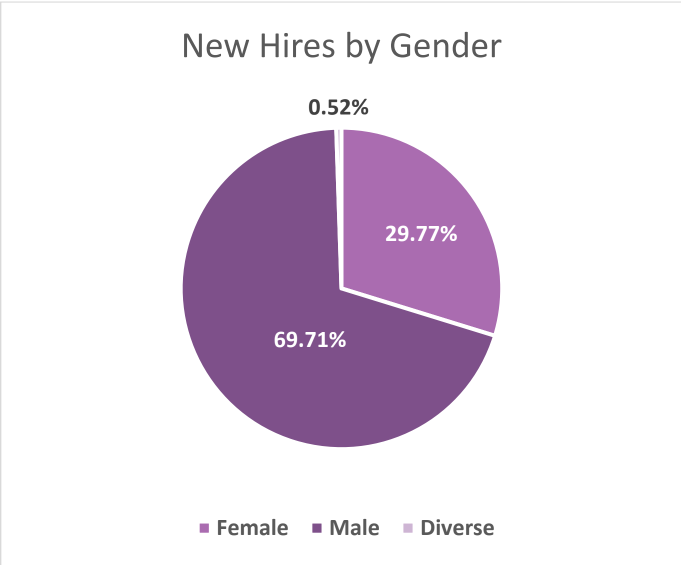
New Hires*

(Head count at the end of the reporting period)	**Female**	**Male**	**Diverse**	**Total**
Total	***114***	***267***	***2***	***383***
Germany	***33***	***72***	***0***	***105***
under 30	12	21	0	***33***
30-50	21	50	0	***71***
over 50	0	1	0	***1***
Netherlands	***6***	***5***	***0***	***11***
under 30	2	1	0	***3***
30-50	4	4	0	***8***
over 50	0	0	0	***0***
Spain	***0***	***1***	***0***	***1***
under 30	0	0	0	***0***
30-50	0	1	0	***1***
over 50	0	0	0	***0***
Sweden	***2***	***9***	***0***	***11***
under 30	0	0	0	***0***
30-50	2	9	0	***11***
over 50	0	0	0	***0***

(Head count at the end of the reporting period)	Female	Male	Diverse	Total
Finland	***0***	***6***	***0***	***6***
under 30	0	0	0	***0***
30-50	0	6	0	***6***
over 50	0	0	0	***0***
Armenia	***2***	***4***	***0***	***6***
under 30	2	3	0	***5***
30-50	0	1	0	***1***
over 50	0	0	0	***0***
Poland	***2***	***10***	***0***	***12***
under 30	2	3	0	***5***
30-50	0	7	0	***7***
over 50	0	0	0	***0***
USA	***52***	***122***	***2***	***176***
under 30	14	13	0	***27***
30-50	37	87	2	***126***
over 50	1	22	0	***23***
Brazil	***0***	***1***	***0***	***1***
under 30	0	1	0	***1***
30-50	0	0	0	***0***
over 50	0	0	0	***0***
South Korea	***0***	***1***	***0***	***1***
under 30	0	1	0	***1***
30-50	0	0	0	***0***
over 50	0	0	0	***0***
India	***12***	***30***	***0***	***42***
under 30	4	6	0	***10***
30-50	8	24	0	***32***
over 50	0	0	0	***0***
China	***3***	***1***	***0***	***4***
under 30	0	1	0	***1***
30-50	3	0	0	***3***
over 50	0	0	0	***0***

(Head count at the end of the reporting period)	**Female**	**Male**	**Diverse**	**Total**
Singapore	***2***	***5***	***0***	***7***
under 30	1	0	0	***1***
30-50	1	5	0	***6***
over 50	0	0	0	***0***

**Employees that have joined the group through an acquisition are counted as new hires*

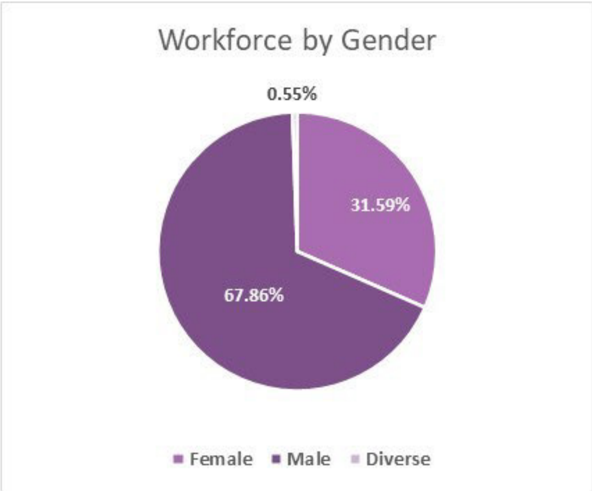


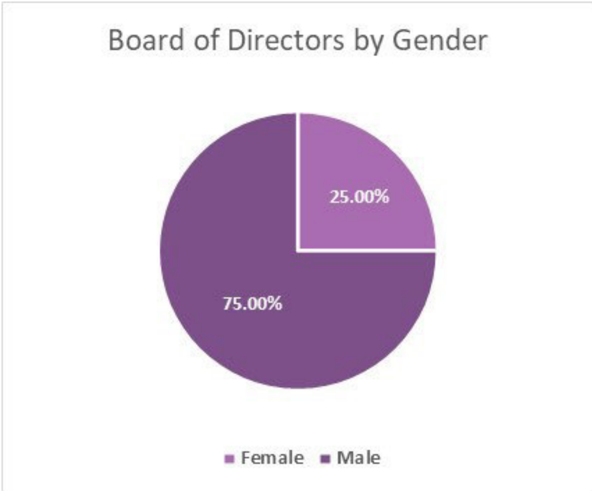
Paternal Leave

Paternal Leave (Head count at the end of the reporting period)	**Female**	**Male**	**Diverse**
Total no. of employees entitled to paternal leave	230	493	4
Total no. of employees that took paternal leave	14	9	0
Total no. of employees returned to work after parental leave	9	7	0
Total no. of employees returned to work after paternal leave and still employed 12 months after	7	6	0
Return to work of employees that took paternal leave*	64%	78%	-

* Total number of employees that did return to work after paternal leave/ Total number of employees due to return to work after taking paternal leave

Diversity





Employees Age Distribution

under 30	148
30-50	528
over 50	52

Incidents of discrimination and corrective actions taken

During the reporting period there were no incidents of discrimination and hence no corrective actions were taken.

10. CONTACT

For any questions relating to this report please contact:

Esther Hilsen

esther.hilsen@mgi-se.com

11. NOTES

Entities included in the organization's sustainability reporting

The entities in this sustainability report include all active operating entities of MGI. The full list can be found below. Further details about the entities can be found on page 154 ff.

Mergers, acquisitions and disposals of entities or parts of entities are included in the sustainability report for the period they are part of the consolidated financial statements. Information about the acquisitions and disposals of entities including the date of the first/final consolidation can be found in the Notes in the Annual Report (Page 178 ff). Any adjustments are marked in the respective section.

List of active operating entities

Verve Group Europe GmbH	Lorena Medienagentur GmbH
VERVE GROUP LATAM VEICULAÇÃO DE PUBLICID	ME Media USA Inc. (formerly AppLift Inc.)
Verve Group Inc.	gamigo AG
VGI CTV Inc.	Aeria Games GmbH
Verve DSP B.V.	adspree media GmbH
Platform 161 Nordics AB	Just Digital GmbH
Platform 161 LLC	gamigo Inc.
Smaato Inc.	gamigo Portals GmbH
Match2One AB	gamigo Publishing GmbH
ReachHero GmbH	gamigo US Inc.
iLove GmbH	ME digital GmbH
Vene International GmbH	Mediakraft Networks GmbH
MHF Media GmbH	Mediakraft Turkey Yayin Hizmetleri A.S.
ME DIGITAL Entretenimento do Brasil Ltda.	

Reporting Period

MGI publishes its annual sustainability report alongside its governance as part of its annual report. The reporting period for all three reports covers the FY 2021 (01.01.2021-31.12.2021). This report was published on 29.04.2022.

Restatements of information

This report is the first sustainability report of Media and Games Invest SE that follows the GRI standard. It serves as a basis of information for all future reports using the GRI standard. Therefore, there is no restatement of information in this first report based on the GRI standard.

There are restatements of information from the Sustainability Report 2020 as this was necessary to comply with the GRI Standards. The restatements of information are indicated by statements such as "as previously reported", "as reported in last year's report" and the like.

External assurance

For this first sustainability report following the GRI standard no external assurance was sought. The Sustainability Board (Board of Directors and C-Level) is currently responsible for reviewing and approving the Sustainability Report. However, to further improve the sustainability reporting, the management of MGI might consider seeking external assurance for future reports.

Policy Commitments

MGI continues to be a signatory of the **UN Global Compact** and has published its communication on progress on October 11, 2021. The report can be found through the following link: https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/458297.

The ten principles of the United Nations Global Compact are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Conventions against Corruption. MGI's approach to these topics is explained in detail in the communication on progress. One of our next steps will be to link our sustainability strategy even more closely to the UN Sustainability Development Goals.

12. GRI CONTENT INDEX

Statement of use	Media and Games Invest SE has reported in accordance with the GRI Standards for the period 01.01.2021 - 31.12.2021.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

AR = Annual Report *GR = Governance Report* *SR = Sustainability Report*

DISCLOSURE	LOCATION	OMISSION		
		REQUIREMENT	REASON	EXPLANATION
GENERAL DISCLOSURES				
2-1 Organizational details	GR (p. 70)			
2-2 Entities included in the organization's sustainability reporting	SR (p. 62) /AR (p. 153-155)			
2-3 Reporting period, frequency and contact point	SR (p. 61-62)			
2-4 Restatements of information	SR (p. 62-63)			
2-5 External assurance	SR (p. 63)			
2-6 Activities, value chain and other business relationships	AR (p. 8-20; 127-134)			
2-7 Employees	SR (p. 55-57)			
2-8 Workers who are not employees	SR (p. 57)			
2-9 Governance structure and composition	GR (p. 74; 82-86)			
2-10 Nomination and selection of the highest governance body	GR (p. 80; 82-83; 91-94)			
2-12 Role of the highest governance body in	SR (p. 34)			

overseeing the management of impacts				
2-13 Delegation of responsibility for managing impacts	SR (p. 34)			
2-14 Role of the highest governance body in sustainability reporting	SR (p. 34)			
2-18 Evaluation of the performance of the highest governance body	GR (p. 84)	Omission	Information unavailable/incomplete	The last evaluation of the performance of the highest governance body took place in September 2021 covering 2020 and H1 2021, and did not yet include the impacts on economy, environment and people. This will be included in the next evaluation. In the future, the evaluation will take part at the end of each reporting year.
2-19 Remuneration policies	SR (p. 58)/ GR (p. 81)			
2-20 Process to determine remuneration	SR (p. 58)/ GR (p. 81; 85)			
2-21 Annual total compensation ratio	SR (p. 58)			
2-22 Statement on sustainable development strategy	SR (p. 31-32)			
2-23 Policy commitments	SR (p. 63)			
2-27 Compliance with laws and regulations	SR (p. 54)			
2-29 Approach to stakeholder engagement	SR (p. 37-38)			

MATERIAL TOPICS				
3-1 Process to determine material topics	SR (p. 35-36)			
3-2 List of material topics	SR (p. 36-37; 64-69)			
GRI 201 Economic Performance				
201-1 Direct economic value generated and distributed	AR (p. 136-141)			
GRI 205 Anti-Corruption				
3-3 Management of material topics	SR (p. 37; 54)/ Anti Corruption Policy			
205-2 Communication and training about anti-corruption policies and procedures	SR (p. 54)	Omission	Information unavailable/incomplete	Total and percentage of employees/governance body reported, no split by employee category or country available.
205-3 Confirmed incidents of corruption and actions taken	SR (p. 54)			
GRI 305 Emissions				
3-3 Management of material topics	SR (p. 37; 52)			
305-1 Direct (Scope 1) GHG emissions	SR (p. 52)	Omission	Information unavailable/incomplete	For the moment, only the total amount of CO2 emissions for the year 2020 is reported with no split between Scope 1, 2 and 3. Data collection for 2021 is ongoing. In the future, MGI will aim at
305-2 Energy indirect (Scope 2) GHG emissions	SR (p. 52)	Omission	Information unavailable/incomplete	
305-3 Other indirect (Scope 3) GHG emissions	SR (p. 52)	Omission	Information unavailable/incomplete	

				reporting the emissions for each scope separately.
GRI 401 Employment				
3-3 Management of material topics	SR (p. 36; 48-51)			
401-1 New employee hires and employee turnover	SR (p. 58-60)	Omission	Information unavailable/incomplete	Metric for turnover not representative due to acquisitions of distressed assets and restructuring
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR (p. 50)			
401-3 Parental leave	SR (p. 60)			
GRI 403 Occupational Health and Safety				
3-3 Management of material topics	SR (p. 36; 50)			
403-1 Occupational health and safety management system	SR (p. 50)			
403-3 Occupational health services	SR (p. 50)			
403-5 Worker training on occupational health and safety	SR (p. 50)			
403-6 Promotion of worker health	SR (p. 50-51)			
403-9 Work-related injuries	SR (p. 50)			
403-10 Work-related ill health	SR (p. 50)	Omission	Legal prohibitions	Legal prohibition to ask for reasons of illness of employees

GRI 404 Training and Education				
3-3 Management of material topics	SR (p. 36)			
404-2 Programs for upgrading employee skills and transition assistance programs	SR (p. 39; 43; 49)	Omission	Information unavailable/incomplete	Training reported, Transition assistance provided upon request
404-3 Percentage of employees receiving regular performance and career development reviews	SR (p. 50)			
GRI 405 Diversity and Equal Opportunity				
3-3 Management of material topics	SR (p. 36; 48-49) /GR (p. 82)			
405-1 Diversity of governance bodies and employees	SR (p. 61)			
GRI 406 Non-Discrimination				
3-3 Management of material topics	SR (p. 36)			
406-1 Incidents of discrimination and corrective actions taken	SR (p. 61)			

GRI 416 Customer Health and Safety				
3-3 Management of material topics	SR (p. 36)			
416-1 Assessment of the health and safety impacts of product and service categories	SR (p. 41)	Omission	Information unavailable/incomplete	Reported only for the media part of the business, games information currently unavailable
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	SR (p. 41)			
GRI 417 Marketing and Labeling				
3-3 Management of material topics	SR (p. 38-42)			
417-1 Requirements for product and service information and labeling	SR (p. 38-42)			
417-2 Incidents of non-compliance concerning product and service information and labeling	SR (p. 39)			
417-3 Incidents of non-compliance concerning marketing communications	SR (p. 39)			
GRI 418 Customer Privacy				
3-3 Management of material topics	SR (p. 36; 42-48)			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR (p. 44)			

CORPORATE GOVERNANCE REPORT

Media and Games Invest SE ("MGI" or "the Company") is a Maltese limited liability company registered in the form of a Societas Europaea with company registration number SE 15. The Company's LEI is 391200UIIWMXRLGARB95. The shares of MGI are listed on Nasdaq First North Premier Growth Market in Stockholm, Sweden, and in the Scale Segment of Deutsche Börse (ISIN: MT0000580101). The Company has a secured Nordic bond outstanding on the Regulated Market at Nasdaq Stockholm and the Open Market in Frankfurt (ISIN: SE0015194527). The Company has its registered office at 168 St. Christopher Street, Valletta, VLT1467, Malta and is the parent holding company of Media and Games Services AG (Switzerland), blockescence DLT solutions GmbH (Germany), Samarion GmbH (Germany), ME Mobile GmbH (Germany), Vajrapani Limited (Malta), Platform 161 Holding BV (Netherlands), ME digital GmbH (Germany) and ReachHero GmbH (Germany).

This Corporate Governance Report is prepared in accordance with the Swedish Corporate Governance Code (the "Code"). It is intended to provide the growing investor base with a transparent insight into the Company's governance structures and will serve as a basis for the continuous further development of the governance structure.

1. GOVERNANCE EVENTS AFTER THE REPORTING PERIOD

On February 09, 2022 the Board of Directors resolved to propose to the shareholders at the next AGM to relocate the Company's registered office and headquarters from Malta to Sweden, thus completing the transformation process of MGI, which started in 2020 with the Swedish listing. With the listing in 2020 and the conversion into an SE (Societas Europaea, European Company) in 2021, key elements of the transformation have already been completed. Through the relocation to Sweden and further strengthening of the governance structure, the Company expects to complete the transformation by the end of 2022 with an effective date in January 2023. The board and management expect that the completed transformation will lay the foundation for the future operational performance and growth and that it will further enhance MGI's reputation, open the Company to additional investor groups and further reduce the risk premium of MGI's share.

1.1 Background on the relocation to Sweden

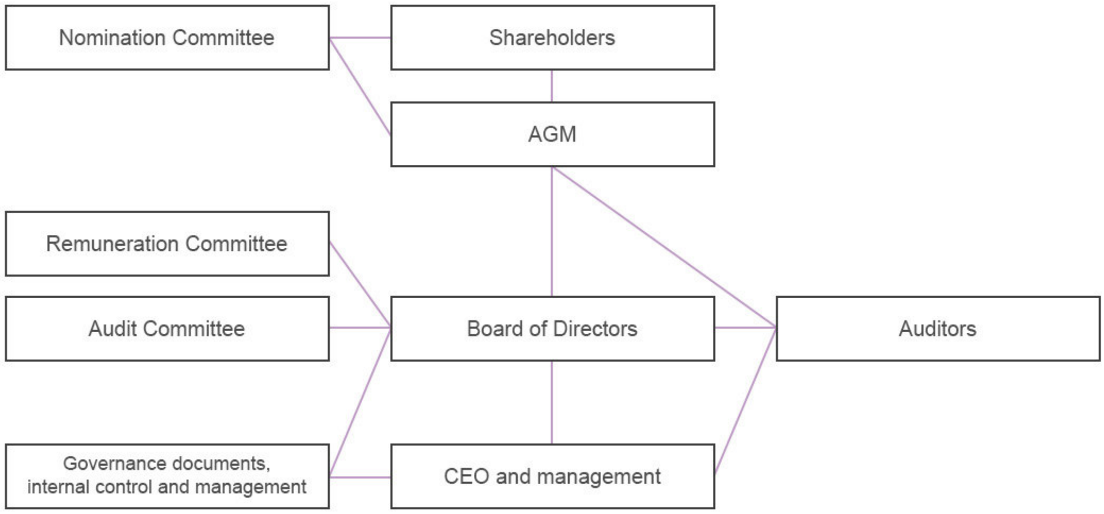
As a result of Malta's grey-listing by the Financial Action Task Force (FATF) in mid-2021, the Board of Directors and the management of MGI believes that the Company's registration in Malta may result in an increased risk premium on the Company's shares. Furthermore, the Company's Maltese registration may also preclude certain prospective investors from investing in the Company.

Given that the Company's core business is in North America and Continental Europe, and that its operations are not tied to Malta, the Board of Directors has chosen Sweden as the new registered office and headquarter of the Company. The Board of Director's decision was motivated by the fact that the Company has been listed in Sweden since 2020, is already familiar with the local capital markets, and has a very strong local network on the ground, as well as several operating subsidiaries and employees in Stockholm. Furthermore, a large part of the Company's shareholders hail from the Nordics and the regulatory framework is globally recognized. While MGI's listing structure currently covers three jurisdictions – Malta (registered office), Germany (listing) and Sweden (listing) – the administrative complexity will be significantly reduced as a result of the relocation.

1.2 Strengthened Swedish corporate governance structure

Since 2018, MGI`s revenues have grown from EUR 45m to EUR 252m in 2021. Over the same period, the number of employees has increased by roughly 5 times. Accordingly, the requirements for MGI's corporate governance structure have also changed significantly. The planned measures will continue the process started in 2020 to adapt, optimize and strengthen the governance structure in line with the size and growth of the Company.

Our structure moving into 2022



Ahead of the AGM 2022 a Nomination committee has been appointed which in line with the Swedish common practice and Swedish Corporate Governance Code consists of representatives of the three largest shareholders (or next in line if passed on) as well as the deputy chairman of the board (chairman is executive and as such not allowed). to prepare certain proposals to the general meetings and the Board of Directors will institute a Remuneration Committee and an Audit Committee at the statutory board meeting held after the AGM 2022. The Committees will be instituted in accordance with Swedish law and the Swedish Corporate Governance Code.

The Board and management expect that these measures will have a positive impact on the operating business in the long term. At the same time, the company is in the process of further adapting the Swedish Governance Code which is internationally recognized and will further increase transparency and shareholder participation.

2. CORPORATE GOVERNANCE

MGI pursues the goal to create a sustainable organization that has the appropriate procedures and structures in place to create value for its shareholders as well as other stakeholders in the long term. This is expressed through strict standards, a clear risk management and transparent processes.

MGI has experienced strong growth in recent years. As will be shown in the following, the Company has introduced numerous measures and is optimizing continuously with the purpose of adapting internal processes and structures to the changed framework conditions triggered by the strong growth within the reporting period. This includes among others the expansion of the board, the further optimization of the internal control system in cooperation with KPMG - to apply, evaluate and assess the internal control of business critical processes - the conversion into an SE and moving the domicile away from Malta, as well as the more in depth reporting on ESG topics.

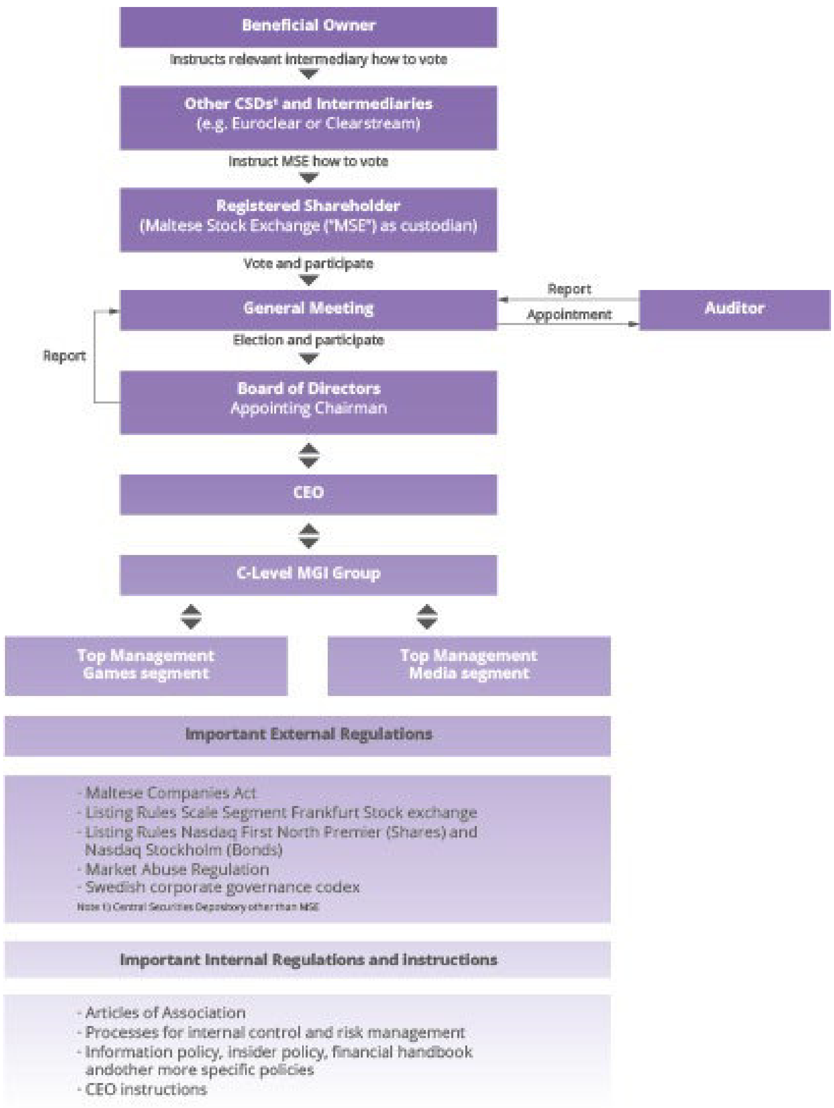
In addition to the Governance Report, MGI has also published a Sustainability Report for 2021, which in addition to governance, includes four other focus areas related to MGI's sustainability efforts (A Great Team and an Inspiring Workplace, Working towards a Greener Future, Providing Data Protection and Security, Diversity and Fair Play in our Products and Services) and is in accordance with the GRI standards. No separate auditor’s report on the sustainability is re-quired under the Maltese regulations since the statement is being prepared in line with the principles of the Swedish Code. The Directors confirm that they are to their best knowledge fully in compliance with the Swedish Code of Corporate Governance.

Governance, management, and control in MGI are divided between the shareholders, the board of directors, the CEO, the MGI Group C-level and the top management teams of the games and the media segments in accordance with applicable laws, rules, and instructions, as shown in illustration 1 below.

Corporate governance at MGI is based on external regulations such as the Maltese Companies Act (chapter 386 of the laws of Malta; the “Companies Act”), the Market Abuse Regulations, the Code, Nasdaq First North Premier Growth Market Rulebook (the “Rulebook”) as well as the General Terms and Conditions of Deutsche Börse and the Rules and Regulations for the Scale Segment at Deutsche Börse, Nasdaq Stockholm’s Rulebook for bond issuer and on internal regulations such as the Company’s Memorandum and Articles of Association, processes for internal control and risk management, CEO Instructions and further more specific policies.

Upon listing on the Swedish Nasdaq First North Premier Growth Market on October 6, 2020, the Company decided to apply the Swedish Corporate Governance Code. Accordingly, the Company has decided not to apply the Maltese equivalent of the Code (which has several similar or common principles to the Code) set out in the Maltese Capital Markets Rules.

Illustration 1



3. SHARES AND SHAREHOLDER

MGI's shares were listed on the Open Market of Deutsche Börse until July 13, 2020. On July 13, 2020, MGI up listed to the Scale segment of Deutsche Börse, following an actively initiated listing procedure. The Scale segment of Deutsche Börse for small and medium-sized enterprises, so-called SMEs, is a registered SME growth market. The Scale segment sets higher transparency and reporting requirements for issuers than in the Open Market. Furthermore, MGI had its first day of trading on the Swedish Nasdaq First North Premier Growth Market on October 6, 2020. Since then, MGI's shares are dual listed in Germany and Sweden. The Scale segment as well as Nasdaq First North Premier Growth Market are multilateral trading facilities.

The authorized share capital of the Company is EUR 320,000,000 divided into: (a) 300,000,000 Ordinary A-shares having a nominal value of EUR 1 each; and (b) 200,000,000 Ordinary B-shares having a nominal value of EUR 0.10 each.

As of December 31, 2021, the issued share capital of the Company amounted to EUR 149,679,980.00 divided into 149,679,980 ordinary A-shares with a nominal value of EUR 1.00 and ten voting rights per share. All shares have the same ISIN and are all admitted to trading. Due to the dual listing in Sweden and Germany, a portion of shares are registered via Clearstream Frankfurt (for the German listing), the price of which is quoted in Euro, while another portion are registered via Euroclear Sweden AB ("Euroclear", for the Swedish listing), the price of which is quoted in Swedish Krona. The shares are freely tradable between Germany and Sweden.

Based on the information available to the Company, the Company's largest shareholder as of December 31, 2021 was Bodhivas GmbH ("Bodhivas"), which is a company indirectly majority controlled by Remco Westermann, who is also the Chairman of the board of directors and CEO of MGI, and held 27.8% of the Company's issued shares and 38.09% of the voting rights as of such date. Accordingly, the interests of the CEO and the Chairman of the Board are in line with those of all shareholders. Furthermore, as of December 31, 2021, the Company's ten largest investors (as far as they are known based on the information from Euroclear as well as other sources) held approximately 47.4% of the Company's shares in the aggregate. The entire board and the C-level hold a total of 28.6% of the shares and a total of 5,050,000 phantom stock as of December 31, 2021. To the best of the Company's knowledge, there was no shareholder other than Remco Westermann who directly or indirectly held more than 10% of the shares as of December 31, 2021.

Additionally, the Company granted a share option to Bodhivas, pursuant to which Bodhivas has the right to subscribe to 15,000,000 ordinary A-shares at a strike price of EUR 2.60 per share. The option was granted to enable an ESOP phantom share program for employees of the MGI group. It is contractually secured that these 15 million options can only be used for such ESOP programs and that Bodhivas shall, in case of profits, transfer such profits to the capital of MGI without retaining any profits for Bodhivas.

Each Ordinary A-share has the right to (i) receive notice of, attend, speak, and vote at general meetings of the Company and has ten (10) votes; (ii) participate in a distribution of profits or assets of the Company, including in a winding up of the Company, pro rata with all other shareholders of the Company based solely on number of shares held and irrespective of the class and nominal value of shares held; and (iii) a repayment of capital in a winding up of the Company.

Each Ordinary B-share has the right to (i) receive notice of, attend, speak, and vote at general meetings of the Company and shall have one (1) vote; (ii) participate in a distribution of profits or assets of the Company, including in a winding up of the Company, pro rata with all other shareholders of the Company based solely on number of shares held and irrespective of the class and nominal value of shares held; and (iii) a repayment of capital in a winding up of the Company. Save as otherwise provided above and as specifically set out in the Articles of Association of the Company, all the shares in the Company shall rank pari passu in all respects including, inter alia, in respect of dividend distributions.

Subject to the provisions of article 85 of the Companies Act, the board of directors is authorized to issue shares of any class, options which may be convertible into shares, and other rights and/ or securities (by whatever name referred to) which may entitle the holder thereof to subscribe to shares in the Company, in each case up to the maximum value of the authorized share capital of the Company (in respect of each class) at such times and on such terms as the board of directors finds appropriate. The authority is valid for five (5) years from April 8, 2021 and shall be renewable by ordinary resolution for further maximum periods of five (5) years each. The board of directors of the Company may restrict and/or withdraw any and all pre-emption rights of the Company's shareholders for as long as the board of directors remains authorized to issue and allot shares, options which may be convertible into such shares, or any other rights or securities by whatever name referred to which may entitle the holder thereof to subscribe to shares in the Company, in terms of Article 3 of the Articles of Association of the company and article 85 of the Act. Further information about the Company's shares and ownership can be found on MGI's website, www.mgi-se.com.

4. GENERAL MEETING

The shareholders in a general meeting (the "Shareholders") can resolve and exercise their influence over the Company.

Subject to the provisions of the Companies Act and in accordance with Article 29 of the Company's Articles of Association, the annual general meeting shall be held at such time and place as the board of directors may resolve, including outside Malta. According to Article 30 of the Articles of Association, the board of directors may, whenever they deem appropriate, convene an extraordinary general meeting. Extraordinary general meetings may also be convened on requisition or, in default, by requisitions, as provided in article 129 of the Companies Act. A general meeting of the Company shall be called by giving at least fourteen (14) days' notice to every shareholder of the Company. The notice shall specify the place, day and hour of the meeting and the general nature of the business provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice, be deemed to have been duly called if it is so agreed to by all the shareholders entitled to attend and vote at that meeting. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

According to the Company's Articles of Association, which were last altered by means of an extraordinary resolution passed at an extraordinary general meeting of the Company on April 15, 2021, no business shall be transacted at any general meeting other than that stated in the agenda included in the notice convening it, and unless a quorum of shareholders is present at the time, the meeting proceeds to business. A shareholder or shareholders present in person or by proxy holding at least five percent (5%) of the issued share capital of the Company shall constitute a quorum. The Company may, at its sole discretion, choose to allow its shareholders (or their validly appointed proxies) and/or directors (including the Chairman) and/or any other participants entitled to attend the option to participate at a general meeting by means of video conferences, telephone links or other similar means as the board may deem appropriate. In such instances, the chairman of the meeting shall sign on behalf of the person/s participating in such manner. The chairman of the Company shall preside as Chairman of the Meeting in every general meeting and, if there is no chairman of the Company or if the chairman of the Company is not present within fifteen (15) minutes after the appointed time, the deputy chairman of the Company shall preside as chairman of the meeting, or if the deputy chairman of the Company is not present at the meeting, the chairman of the meeting shall be elected by the shareholders present. This procedure deviates from item 1.3 of the Code, according to which the Company's Nomination Committee proposes the Chairman for the Annual General Meeting and presents its proposal in the notice convening the meeting. The reason for the deviation in 2021 was that the Company did not yet have a Nomination Committee and that the Maltese Articles as described above provide for a different procedure that is in line with the rules and practice of a Maltese company as well as European market practise. Following the relocation of the registered office to Sweden, the Company has announced on February 09, 2022 to introduce a Nomination Committee. The Board of Directors will propose to the AGM to resolve on Instructions for the Nomination Committee to comply with the Code in this point as well. Any decision of the general meeting for which an extraordinary resolution is not required by the Company's Articles of Association or by the Act shall be validly taken if approved by an ordinary resolution.

An ordinary resolution of the Company shall be validly passed if approved in a general meeting by a shareholder or shareholders having the right to attend and vote at that meeting and holding in the aggregate more than fifty per cent (50%) of the voting rights attached to shares represented at the meeting and entitled to vote at the meeting.

An extraordinary resolution of the Company shall be validly passed if a) it has been taken at a general meeting of which notice specifying the intention to propose that resolution as an extraordinary resolution and the principal purpose thereof has been duly given; and b) it has been passed by (i) a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the shares represented and entitled to vote at the meeting, and (ii) a shareholder or shareholders holding in the aggregate at least fifty-one per cent (51%) in nominal value of all the shares entitled to vote at the meeting. If one of the aforesaid majorities mentioned in paragraph b) above is obtained, but not both, another meeting shall be convened within thirty (30) days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in aggregate not less than seventy-five per cent (75%) in nominal value of the shares represented at the meeting and entitled to vote at the meeting. However, if more than half in nominal value of all the shares having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice. Any shareholder entitled to attend and vote at a general meeting of the Company may appoint another person as his/her proxy to attend and vote in his/her stead and a proxy so appointed shall have the same right as that shareholder to speak at the meeting and to demand a voting poll. The appointment of a proxy shall be made in writing in the form (or in substantially the same form) as set out in the notice convening a general meeting and shall comply with all the conditions which the Company may impose in the said notice. According to point 1.4 of the code a shareholder, or a proxy representative of a shareholder, who is neither a member of the board nor an employee of the company is to be appointed to verify and sign the minutes of the shareholders' meeting. MGI deviates from this point as Maltese law provides that if the Chairman does not sign the minutes of the AGM, they cannot serve as evidence of the proceedings of the AGM - therefore the Chairman is always advised to sign the minutes of the AGM. Following the relocation of the registered office to Sweden, the Company plans to apply this point of the code.

4.1 Extraordinary General Meeting 2021

On April 8, 2021, an extraordinary general meeting was held with the purpose of deciding on the following proposed resolutions: (1) election of Antonius Reiner Fromme as a director of the Company, for a period until the next AGM; (2) 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); (3) to authorize the board to issue shares and withdraw pre-emption rights (and consequent amendments to article 3 and article 4 of the Articles); (4) to approve the conversion of the Company to a Societas Europaea and consequential amendments to the Articles. The meeting was adjourned to April 15, 2020, as no quorum was reached according to Article 24 of the, at the time, valid Article of Association. At the adjourned EGM on April 15, 2021, the necessary quorum was reached, and all the resolutions were passed. In advance of the EGM, Antonius Fromme provided the Company with the necessary information through which the independence of Antonius Fromme could be verified and confirmed in accordance with points 4.4 and 4.5 of the Code. As the company did not have a Nomination Committee during the reporting period, this procedure is a slight deviation from item 4.6 of the Code, which stipulates that the information be sent to and reviewed by the Nomination Committee. Due to the further strong growth during the Reporting Period and the expansion of the Company's shareholder base and in order to adapt to the increasing size and complexity, the Company has announced on February 09, 2022 to introduce a Nomination Committee. The Board of Directors will propose to the AGM to resolve on Instructions for the Nomination Committee. Minutes from the Extraordinary General Meeting 2021 and documents associated therewith are available on MGI's website, www.mgi-se.com.

4.2 Annual General Meeting 2021

On July 8, 2021, the Company held an annual general meeting. The purpose of the meeting was to (1) consider the Auditor's Report and approve the Audited Financial Statements for the fiscal year ended December 31, 2020; (2) resolve not to declare a dividend, based on the recommendation of the board of directors; (3) confirm and re-appoint RSM Malta as auditor of the Company, and to authorize the board of directors to fix their remuneration; (4) other matters (There were no further items resolved or discussed under 4). All the resolutions were passed. There have been no further matters. Minutes from the AGM 2021 and documents associated therewith are available on MGI's website, www.mgi-se.com.

5. NOMINATION COMMITTEE

According to Rule 2.1 of the Code, the Company is to have a nomination committee. The nomination committee is to propose candidates for the post of chair and other members of the board, as well as fees and other remuneration to each member of the board. In the reporting period, the Company has deviated from the rules (2.1 – 2.7) of the Code. Considering the shareholder structure and the size of the Company as well as the European market practise, the largest shareholders of the Company considered that the establishment of a Nomination Committee for the Reporting Period 2021 was not necessary and that direct nomination of persons for appointment as members of the Board of Directors was more appropriate under the circumstances of the Company at that time. Due to the further strong growth during the Reporting Period and the expansion of the Company's shareholder base and in order to adapt to the increasing size and complexity, the Company has announced on February 09, 2022 to introduce a Nomination Committee. The Board of Directors will propose to the AGM to resolve on Instructions for the Nomination Committee.

6. BOARD OF DIRECTORS

The directors shall exercise their powers subject to the regulations of the Company's Articles of Association, to the provisions of the Companies Act, and to the resolutions of the Company in general meetings; but no resolution taken by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if that resolution had not been taken. Save as aforesaid, the board of directors shall have the power to (a) borrow or raise money or secure the payment of money and in conjunction with and independently therefrom to charge or hypothecate the property of the Company or any part thereof for any debt, liability or obligation of the Company, and this without any limitation whatsoever; (b) do all such other matters on behalf of the Company as are not by these regulations or by the Act reserved to the general meeting.

In deviation from point 6.1 of the Code, the Chairman is elected by the members of the Board of Directors in accordance with the Articles of Association. This is the usual practice in MGI's current jurisdiction Malta and was last confirmed by the AGM on April 15, 2021. As the company grows and both the size and the work of the Board of Directors evolve, the company plans to establish further committees in the future to adapt to the increasing size and complexity. In doing so, the Company will also consider its future registered seat in Sweden. Therefore, in line with Swedish law the role of the Chairman and CEO will be split when the relocation becomes effective.

The board of directors shall have power to appoint any person to be the attorney of the Company for such purpose and with such powers, authority and discretion (not exceeding those vested in or exercisable by the board of directors under these regulations) as they may deem appropriate and may also authorize any such attorney to delegate all or any of the powers, authority and discretion vested in him. The board of directors may from time to time appoint a managing director or a director or directors holding any other executive office or offices from amongst themselves delegating to him or them any of the powers exercisable by them either collaterally with or to the exclusion of their own powers. Any such appointment shall be valid for such period and subject to such terms and conditions as the board may impose. Furthermore, any such appointment shall be automatically determined if the person so appointed ceases for any reason to be a director.

According to the Articles of Association of MGI, no remuneration shall be payable to the directors, including directors holding an executive office, unless and to the extent approved by the Company in general meeting. The directors shall, however, be entitled to a reimbursement of all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the board of directors or general meetings of the Company or in connection with the business of the Company. Remuneration to the CEO and other members of the MGI C-Level in 2021 consisted of a base salary, and, for certain managers, a variable remuneration, other benefits and pension. The renumeration of the MGI C-Level is currently not linked to their performance in relation to the management of the organization's sustainability efforts. The company has informed on February 09, 2022 that it plans to adopt instructions for the Remuneration Committee and appoint a Remuneration Committee on the statutory board meeting after the AGM 2022.

Remuneration in 2021 (EUR)	Basic salary / Board fee	Variable remuneration	Other benefits	Pension expenses	Total
Board of Directors	0	0	0	0	0
MGI C-Level	938,349.62	200,200.00	9,956.52	0.00	1,148,506.14
Chief Executive Officer	382,399.62	100,000.00	0.00	0.00	482,399.62

6.1 Composition of the Board

In accordance with the Company's Articles of Association, MGI's board of directors shall be appointed by an ordinary resolution of the Company at a general meeting. The Company may by ordinary resolution taken at the time of his/her appointment or at any later date determine the period for which a director shall hold office. Subject to the provisions of article 140 of the Companies Act, a director shall hold office, unless he/she dies or tenders his resignation at an earlier date, until the expiration of the period determined as aforesaid but shall thereafter be eligible for re-appointment. The board of directors of the Company shall consist of not less than two (2) and not more than ten (10) directors. Remco Westermann and Tobias M. Weitzel were appointed as directors by the general meeting on May 31, 2018, for an indefinite term. Elizabeth Para was appointed as a director by the general meeting on January 31, 2020, also for an indefinite term. Antonius Fromme was appointed as a director by the general meeting on April 15, 2021, for a term ending at the annual general meeting 2022. Remco Westermann is the current Chairman of the board and Tobias M. Weitzel is the deputy chairman of the board. According to point 6.3 of the code the chair is to ensure that the work of the board is conducted efficiently and that the board fulfils its obligations. In particular, the chair is to (i) organize and lead the work of the board to create the best possible conditions for the board's activities,(ii) ensure that new board members receive the necessary introductory training, as well as any other training that the chair and member agree is appropriate, (iii) ensure that the board regularly updates and develops its knowledge of the company, (iv) be responsible for contacts with the shareholders regarding ownership issues and communicate shareholders' views to the board, (v) ensure that the board receives sufficient information and documentation to enable it to conduct its work, (vi) in consultation with the chief executive officer, draw up proposed agendas for the board's meetings, (vii) verify that the board's decisions are implemented, and (viii) ensure that the work of the board is evaluated annually.

In the composition and size of MGI's board of directors, the need for diversity and breadth as well as skills and background has been considered, as well as the ability to manage the Company's affairs efficiently and with integrity. For more information on the individual board member, please consider the Appendix of this governance report.

Remco Westermann is the only board member who is also part of the executive management, thus MGI complies with the requirements of the Code regarding the separation of board and executive management. The work and responsibilities of the Chairman and the CEO are clearly separated by appropriate Rules of Procedures (e.g. conflict procedures) for the Board and the Chairman as well as

Instructions for the CEO (e.g. CEO instructions) in order to avoid conflicts of interest when the CEO and Chairman are combined in one person. Other members of the MGI C-level in 2021 included, the Chief Financial Officer, Chief Operating Officer and the Chief Investment Officer. The Code under point 4.7 provides that “Members of the board are to be appointed for a period extending no longer than to the end of the next annual general meeting.” At this point, the Company deviates from the Code, as three of the four directors have been appointed for an indefinite term, as described above. MGI's Articles of Association, which have been adopted by the shareholders, state that the directors are appointed for an indefinite term, unless the shareholders decide on a different term. However, directors may be dismissed at any time by the shareholders by an ordinary resolution passed by a simple majority of the nominal value of the shares represented and entitled to vote at the meeting. The Company considers that these arrangements give the shareholders the flexibility to decide on the appointment and revocation of directors that is common in Sweden and contemplated under the Code.

The chairman of the board is appointed by the board itself, which procedure is set out in the Articles of Associations and is a well-established procedure.

Further information of the board can be found at the end of the report in Appendix 1.

6.2 Independence

According to the Code, the majority of directors elected by the shareholders’ meeting are to be independent of the Company and its executive management and at least two of the members of the board who are independent of the Company and its executive management are also to be independent in relation to the Company’s major shareholders.

According to the definition in the Code, all board members except for Remco Westermann are independent to the Company and the executive management as well as in relation to major shareholders.

6.3 The Board’s Work in 2021

The duties and responsibilities of the board of directors are set forth in MGI’s Articles of Association. In 2021, the board of directors held 30 board meetings, of which 12 were by written resolutions. All meetings held followed an agenda provided to the board members prior to the meeting, along with relevant documentation for each agenda item. The CEO, and in most meetings also the CFO, also attended the board meetings. The CEO reports on operational performance at each regular board meeting and the CFO reports on financial performance at regular intervals. In addition, the CFO, senior executives and, if necessary, the Company's auditors make presentations on various specialized topics. Among other things, board meetings were held in advance of M&A and capital market transactions, before the publication of quarterly as well as annual financial statements, and before general meetings.

The work of the board of directors is evaluated annually with the aim of both developing the board's activities as well as its composition considering the development of the Company. In conjunction with the board evaluation, an evaluation of the CEO is also conducted. The latest evaluation took place in September 2021, by the members completing a questionnaire drawn up by the chairman of the board. An anonymized compilation of the questionnaires was presented to the board of directors in connection with an ordinary board meeting.

6.4 Attendance Board Meetings

Name	**Attendance Board Meetings 2021**
Remco Westermann	30/30
Tobias M. Weitzel	30/30
Elizabeth Para	30/30
Antonius R. Fromme	22/22

6.5 Board Committees

During 2021 the functions of the Remuneration Committee and the Audit Committee were performed by the entire Board of Directors, as the Board considered this most appropriate, taking the size of the Board and the Company into account.

Remuneration Committee

At this point, the Company has not established a remuneration committee and guidelines. This constitutes a deviation from Rule 9.1 and 9.9 of the Code. The board of directors of MGI consists of four individual directors, and due to the size of the board, the Company believes it to be more efficient not to establish such a committee but to perform this task as well as to take decisions as the complete board for the reporting period 2021.In cases where discussions and/or decisions on compensation involve members of executive management who are also members of the Board, the individual Board member does not participate in these discussions and refrains from voting. If the board uses the services of an external consultant, it ensures that there is no conflict of interest regarding other assignments this consultant may have for the company or its executive management. Variable remuneration if applicable is linked to predetermined and measurable performance criteria aimed at promoting the company’s long-term value creation, and in case of cash payments cash is to be subject to predetermined limits regarding the total outcome. Fixed salary during a period of notice and severance pay are together not to exceed an amount equivalent to the individual’s fixed salary for two years.

Points 9.6 of the Code provides that the shareholders’ meeting decide on share-based incentive programs and their conditions. In the reporting period, the Board of Directors decided on the basis of the authorization granted to the Board of Directors - most recently confirmed at the 2021 EGM - to issue new shares under the authorized capital by taking into account item 9.7 of the Code, according to which share-based and share-price-based incentive programs are to be designed with the aim of aligning the interests of the participating persons more closely with the interests of the Company's shareholders. Furthermore, it was taken into account that the vesting period or the period from the start of an agreement to the acquisition of shares must be at least three years and that programs providing for the acquisition of shares are to be designed in such a way as to encourage personal share ownership in the Company.

As the company and consequently the workload for the Board has continued to grow during the reporting period 2021 as well as the company has already announced to expand the Board at the next AGM, the company has informed on February 09, 2022 that it plans to adopt instructions for the Remuneration Committee and appoint a Remuneration Committee on the statutory board meeting after the AGM 2022.

Audit Committee

The Board of Directors did not establish a separate Audit Committee for the reporting period, thus deviating from point 7.2 of the Code. MGI's Board of Directors consisted of four individual members during the Reporting Period, and due to the size of the Board, the Company considered that it was more efficient not to establish such a committee for the reporting period 2021, but to perform this task as the full Board including amongst others reviewing the company's financial reporting and the efficiency, quality and accuracy of the company's internal control and risk management and for the Group's financial reporting and associated reporting as well as evaluating the auditors' work, qualifications and independence and follow up in particular whether the auditor provides the company with services other than auditing services. As the Company has continued to grow significantly during the Reporting Period and both the size and the work of the Board of Directors is evolving, the Company intends, as announced on February 09 2022, to adopt instructions for the Audit Committee and appoint members to the Audit Committee on the statutory board meeting held after the AGM 2022.

7. AUDITOR

The annual general meeting 2021 appointed the auditor for the current fiscal year 2021. RSM Malta has been reappointed as auditor. RSM is the sixth largest auditing firm worldwide. The principal in charge is Roberta West Falzon. The auditor has the task of auditing MGI's annual report and reporting to the shareholders on whether the financial statements provide a true and fair view, according to IFRS as adopted by the EU and the requirements according to the Companies Act (Cap. 386). Remuneration to the auditors shall, in accordance with a resolution passed at the 2021 AGM, be fixed by the board of directors. In addition, all M&A-related purchase price allocations are performed by Ernst & Young and the impairment tests for all intangible assets are performed by Deloitte.

8. C-LEVEL AND TOP MANAGEMENT

At the beginning of 2021, the structure of the executive management was reorganized to reflect the rapid growth in both segments. Following the reorganization the executive management consists of the C-level (MGI Group) and, below that the top management of the respective segment (Games and Media). The MGI C-level is responsible for the management of the entire MGI Group and reports to the board of directors, while the top management of the Games and Media segments are responsible for the management of their respective segments and report to the MGI Group C-level. The MGI Group

C-level includes Remco Westermann (CEO), Paul Echt (CFO) Jens Knauber (COO) and from August 1, 2021 Jens-Christian Fritz (CIO) who left the company beginning of 2022 and was replaced by Sonja Lilienthal. The gamigo (Games) top management consists of Jens Knauber (gamigo CEO), Andreas Weidenhaupt (gamigo COO), Mervin Lee Kwai (gamigo CGO), Miguel Oliveira (CEO Casual Games Business) and Thomas Kothuis (CEO Media Elements Group). Since October 1, 2021 Christian Schommer (CTO) also belongs to the gamigo top management, replacing Gary Coffey, who left the company. During the Reporting Period, the following changes have occurred in the top management of Verve (Media); Sameer Sondhi (previously CRO Verve) has been appointed Co-CEO of Verve. Ionut Ciobotaru (previously CPO Verve) was appointed co-CEO of Verve. Remco Westermann (previously CEO Verve) has resigned as CEO Verve and focuses on the role as CEO and Chairman for MGI.

9. INTERNAL CONTROL AND RISK MANAGEMENT

The board of directors is responsible for ensuring that the Company has sufficient and effective internal control systems in place to protect the Company's assets as well as the shareholders' investment. MGI follows the COSO framework for internal control and complies with the rules for companies listed on Nasdaq First North Premier Growth Market, Nasdaq Stockholm (for bonds) and the Scale Segment of Deutsche Börse, as well as the Act and the Code. In addition, there are internal policies and instructions as well as procedures and structures to ensure internal control. During 2021, MGI has mandated KPMG to together with them further optimize and automate the Internal Control Systems using state of the art process technology so that the Company has sufficient and effective internal controls in place taking future growth and size into account. The work is carried out to secure that internal controls of business critical risk factors are applied, evaluated, assessed and followed-up on.

9.1 Control Environment

MGI's operating business is divided into two synergetic segments: the Games segment and the Media segment. In both segments, MGI pursues organic growth strategies as well as a buy-and-build M&A strategy by acquiring additional companies and assets. MGI's strategy is to integrate acquired companies into their respective segment. Each segment has its own CEO (or co-CEOs) and top management that reports to the C-level of the MGI Group, which in turn reports to the board of directors. As a separate line, all finance of the group, including controlling and auditing, is centralized under the CFO of the MGI group, who reports to the CEO as well as to the board of directors. The board of directors believes that this leveled approach provides the best possible focus as well as internal control over MGI. The control environment is being constantly evaluated at MGI and adjustments to the strong growth are being made when necessary. For example, it was decided to implement a state-of-the-art whistleblowing system for the MGI Group with the EQS Integrity Line and to further develop the internal control system in cooperation with KPMG in order to respond to the strong growth over the coming years.

9.2 Risk Assessment and Control Activities

MGI's operations are subject to numerous risks that are regularly reviewed and evaluated by the board of directors. These risk factors can be found in the risk factor section of the 2021 Directors' Report.

In analyzing and evaluating the risks, the Company classifies them into the following categories:

1. General strategic risks
2. Risks related to the Games segment
3. Risks related to the Media segment
4. Financial risks
5. Risks related to political, social and legal aspects

The aim of the analysis is to identify substantial risks for the Company and to assess the probability of their occurrence. Based on this, the existing processes and guidelines for internal risk control are then adjusted and updated if necessary.

The most significant risk factors include, amongst others, errors in the processes that could affect the financial assets and instruments in the profit and loss statement and the balance sheet, as well as the investment process. MGI has established documented work routines and implemented state of the art accounting and consolidation tools that meet the requirements of a buy-and-build growth company and continually evaluates how well controls and systems are operating with respect to these items and processes.

Requirements and changes in the legal framework, particularly in the areas of data protection and the protection of children and young people, represent a further significant risk. MGI monitors these framework conditions intensively and is also involved in industry associations that proactively participate in the development of these framework conditions. In addition, MGI works with external advisors who monitor and evaluate MGI's compliance with applicable regulations and on whose analysis the board can make an evaluation of the respective risk assessment.

In addition to the year-end report, interim reports and annual report, the Board of Directors review and evaluates extensive financial data regarding MGI. The Board of Directors also processes information on risk assessments, disputes and any irregularities that may have an impact on MGI's financial position. The Board of Directors also review the most significant accounting principles applied in the group regarding financial reporting and material changes in accounting principles as well as reports on internal control and the processes for financial reporting. During the reporting period the board of directors have signed a contract with KPMG to further develop, improve and document the existing internal control system (ICS).

9.3 Information & Communication

The Company's external information is provided in accordance with the Information and Insider Policy established by the board of directors and in line with market standards. This policy specifies what is to be communicated by whom and in what way to ensure that both external and internal information is accurate, compliant, and complete. The Head of IR is responsible for implementing the Group's policy on internal information and communication. Investor Relations is managed and supervised by the CFO and the Head of IR who is reporting to the CFO. Another task of the Head of IR is to support the CEO and senior executives in terms of communication with the capital markets. The Head of IR also works together with the CEO and CFO on the preparation of the annual financial statements, annual general meetings, capital market presentations and capital market days, and other regular reports on IR activities. An Ad-Hoc committee has been established, consisting of two board members, the CFO and the Head of IR, which meets on a regular basis or, in cases in which insider related information might play a role, on a regular as well as on demand basis.

9.4 Internal Audit

The Company regularly evaluates the need for internal auditing based on company-specific factors such as the scale, structure, diversity and complexity of the Company's operations, the number of employees, the Company's culture, and cost-benefit considerations as well as further ESG relevant topics. In the reporting period MGI has chosen not to establish a formal internal audit function within the Company, instead the Company focuses on implementing and further developing a process to identify risks, establish controls, and self-evaluate controls as described before. The framework itself, the results, and the outcomes are regularly reviewed by the executive management and the board of directors. The potential set-up of an internal audit function for future reporting periods is currently reviewed by KPMG.

Appendix Governance Report

Board of Directors and CEO

REMCO WESTERMANN (1963)

Chief Executive Officer and Chairman of the Board of Directors since 2018

Education/background: Remco Westermann (Dutch national) has been the chief executive officer of gamigo AG since November 2012 until March 2021 and is chairman of the Company's board of directors as well as the chief executive officer of MGI since May 2018. Remco holds a master's degree in business economics (MsC) and has over 25 years of professional experience, including 15 years in the mobile and online entertainment industry. In the course of his career, he founded the company Bob Mobile AG, that he listed and was renamed Cliqdigital AG. He was also a manager of Sonera, among others, helping to build the mobile media company Sonera Zed, and managing its German subsidiary for several years as chief executive officer. Previously, Remco was a manager at leading companies such as Balance Point and a consultant at Rost & Co. In the dynamic, highly competitive and fast-growing games market, Remco has built up a leading and fast-growing online games and media company through a successful M&A strategy following the acquisition and repositioning of gamigo at the end of 2012. In 2018, Remco, based on integrating gamigo into MGI, became the majority shareholder of MGI and aligned its business model to "buy, integrate, build and improve" in the games and media sectors.

Current positions: Managing Director of Sarasvati GmbH, Jarimovas GmbH, Bodhivas GmbH, Bodhisattva GmbH, and Garusadana GmbH. In all companies, Remco Westermann is the major shareholder or, respectively, indirect shareholder with the right to represent the Company solely.

Prior positions (past five years): None.

Holdings in the Company: Remco Westermann indirectly holds 41,654,939 shares in the Company via his holding companies Bodhivas GmbH and Sarasvati KG, as of December 31, 2021. On May 9, 2018, the Company granted Bodhivas GmbH the option to acquire 20,000,000 shares of the Company for a purchase price of EUR 1.20 per share. The option was extended on April 15, 2020 but waived in its entirety by Bodhivas GmbH on September 28, 2020. On January 11, 2021, a new option for Bodhivas with the sole purpose of serving a Phantom Share ESOP program amounting to 15,000,000 shares with an exercise price of EUR 2.60 till latest 2030, as well as the obligation to transfer any excess profits back to MGI, was established.

Remco Westermann is dependent in relation to the Company, company management and major shareholders.

TOBIAS M. WEITZEL (1973)

Member of the Board of Directors and Deputy Chairman of the Board (Board member since 2018)

Education/background: Tobias M. Weitzel (German national) has been a member of the Company's board of directors since May 2018. He is an investor (equity and debt), member of the board and founder of CREDION AG, a private debt provider and special alternative investment fund (since 2017); chief executive officer and sole shareholder of BSK Becker+Schreiner Kommunikation GmbH ("BSK"), a communications advisor specialized in investor relations, corporate communications and change communications. Since 2012, he has been a member of the board of Financial Experts Association e.V., one of the leading organizations for corporate governance and independent financial experts in supervisory boards in Germany. He holds a diploma of the Cologne Journalism School for Politics and Economics. In his career as a journalist, he has worked for daily newspapers, magazines, radio stations and in media and public relations for various international corporates. He has been active as a specialist for complex transformation situations at BSK since its founding in 1998. As chief executive officer, Tobias M. Weitzel has headed BSK since 1999 and, since 2011, has been the sole partner of BSK, which advises national and international clients on public and investor relations. With CREDION AG, he provides private debt solutions for small and medium-sized German enterprises e.g., to foster growth programs, succession, M&A, turnaround and discharging debt since 2017. Tobias M. Weitzel thus contributes a wealth of knowledge on compliance issues and board matters in general as well as extensive experience in corporate investor relations and capital markets with a focus on bonds and non-equity financings.

Current positions: Member of the executive board of CREDION AG, CREDION Kapitalverwaltungsgesellschaft, CREDION Komplementärgesellschaft and AfricaConnect GmbH. CEO of BSK GmbH.

Prior positions (past five years): None.

Holdings in the Company: Tobias M. Weitzel holds 519,728 shares in the Company, as of December 31, 2021, of which 333,000 shares are under a lock-up until March 2022. Furthermore, Tobias M. Weitzel holds 500,000 phantom stocks in the Company.

Independent in relation to the Company, company management and major shareholders.

ELIZABETH PARA (1972)

Member of the Board of Directors (Board member since 2020)

Education/background: Elizabeth Para (British and Canadian national) joined the board of directors of the Company in January 2020. She has a 20+ years career in financial markets, with substantial experience in public and private debt as well as equity markets, among others working for Barclays Global Investors, State Street Global Advisors and BNP Paribas. She has worked in investment and client facing roles in both the banking and the investment management industries. Elizabeth holds a Master's degree in economics from the University of Toronto, a Bachelor's degree in economics from the University of Western Ontario, and is a Chartered Financial Analyst (CFA).

With her Canadian and UK citizenships and professional experience working in North America and London for a variety of UK, European and North American companies, Elizabeth Para brings an international perspective to the Board. With her extensive capital market experience, particularly in public debt and equity markets, she contributes a high level of expertise in the preparation and execution of capital market transactions and is able to factor the investor/capital market perspective into the Board's work.

Current positions: None.

Prior positions (past five years): None.

Holdings in the Company: Elizabeth Para holds 798,088 shares in the Company, as of December 31, 2021, of which 344,088 shares are under a lock-up until March 2022. Furthermore, Elizabeth Para holds 500,000 phantom stocks in the Company.

Independent in relation to the Company, company management and major shareholders.

ANTONIUS R. FROMME (1974)

Member of the Board of Directors (Board member since 2021)

Education/background: Antonius Fromme (German national) is a graduate business engineer from the University of Karlsruhe and has been employed with the freenet Group since 2009. Antonius Fromme contributes strong marketing know-how with a strong customer focus as well as a lot of experience in the operational management in a listed company with a strong digital focus to the Board. He has a comprehensive knowledge of the media segment and its developments, but also of digital entertainment. Also, his telecommunications know-how is very valuable, as telecommunications companies have the opportunity to play an important role in tracking in a world where identifiers from, for example, Google and Apple are disappearing.

Current positions: He has been Chief Customer Experience Officer at freenet AG since June 1, 2018. In his role as a member of the freenet Management Board, he gained extensive experience in the areas of mobile communications, online and offline marketing activities, and digitization.

Prior positions (past five years): VP Customer Management & Digital Sales, Managing Director klarmobil GmbH, Managing Director Vitrado GmbH, board member dtms GmbH.

Holdings in the Company: None.

Independent in relation to the Company, company management and major shareholders.

DIRECTORS‘ REPORT

1. GENERAL INFORMATION AND PRINCIPAL ACTIVITY

Media and Games Invest SE, ("MGI" or "the Company"), is a company incorporated in Malta on March 21, 2011 as a Public Limited Liability Company which was converted into a Societas Europaea on May 25, 2021. The Company is the parent company of the entities disclosed in Note 2.4.2 to these consolidated financial statements (to be referred collectively as “the MGI Group” or “the Group”). As of 31 December 2021, Bodhivas GmbH, Düsseldorf, owns 28% 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 company has a senior secured bond outstanding in the amount of EUR 350m which is listed on NASDAQ Stockholm and on the Open Market of the Frankfurt Stock Exchange. On October 11, 2021, MGI redeemed its EUR 25m unsecured bond with listing in Germany ahead of schedule.

The Company is registered with the Malta Business Registry with registration number SE 15 and registered office at 168 St. Christopher Street, Valletta, VLT1467, Malta.

The Company is focusing on a ‘buy-integrate-build-and-improve’ strategy, creating an advertising software platform company with access to first-party-games content. Next to strong Organic Revenue Growth of 38% in 2021, the MGI Group has successfully acquired more than 35 companies and assets in the past 6 years. The acquired assets and companies are integrated 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 252.2 million (2020: EUR 140.2 million), which is an increase of 80% compared to 2020. The initial 2021 guidance was for revenues of between EUR 220-240 million (FY21: EUR 252 million, top end beaten by 5%), with and adjusted EBITDA of EUR 60-65m (FY21: €71m, top end overachieved by 9%). The company reached the upper end of its Updated 2021 Guidance that took the Smaato acquisition into account and were published on June 30, 2021.

The adjusted EBITDA amounted to EUR 71.1 million (2020: EUR 29.1 million), which is an increase of 144%. The strong development of EBITDA is due to organic growth, economies of scale and efficiency gains and the successful integration of the LKQD, KingsIsle, Beemray, Smaato and Match2One acquisitions. The adjusted EBITDA margin for the full year 2021 increased significantly to 28% (versus 21% in 2020).

In 2021, we were able to significantly increase our organic growth to 38%. While organic growth from the Games portfolio was less strong due to the very strong and corona driven prior-year figures, the advertising software platform activity in particular was able to show very strong organic growth, which was primarily driven by the acceleration of the flywheel through product innovations, increased sales efforts and economies of scale, while organic growth of the Games portfolio was primarily driven by new content, the expansion of games to additional platforms as well as more efficient user acquisition and monetization of advertising space due to the synergies with the Media business.

The result for the period from 1 January to 31 December 2021 is shown in the consolidated statement of comprehensive income. No dividends are recommended for the reporting period, as the board deems it more worthwhile for the company and its investors to invest the proceeds of the company into further growth of the company, considering the growth potential of the company.

3. POST BALANCE SHEET EVENTS AND LIKELY FUTURE BUSINESS DEVELOPMENTS

After 31 December 2021 the following events occurred:

Relocation

On February 09, 2022 the Board of Directors resolved to propose to the shareholders at the next AGM to relocate the Company’s registered office and headquarters from Malta to Sweden with effectiveness in January 2023. The board and management expect that the completed relocation will further enhance MGI's reputation, open the Company to additional investor groups and further reduce the risk premium of MGI's shares.

Russian-Ukraine War

End of February 2022 the Russian Federation attacked the Ukraine. Since February both countries are at war. The war doesn’t affect MGI’s economic situation. The group complies the sanctions by the European Union against Russia and shut down all games and has stopped all businesses with any sanctioned persons and entities in and from Russia. MGI has less than 1% of its revenues in Russia or Ukraine.

Acquisition of AxesInMotion

On April 28, 2022 MGI acquires 100% shares of AxesInMotion S.L. a fast growing, profitable and leading free-to-play mobile games developer with a strong portfolio of visually stunning racing games and over 700 million downloads. AxesInMotion, established in 2014 and based in Seville (Spain), is a leading free-to-play mobile games developer with a strong portfolio of visually stunning racing games that have generated over 700 million downloads worldwide.

The parties have agreed to a fixed purchase price of EUR 55 million (the "Fixed Consideration"), plus up to EUR 110 million that may be paid to the sellers as earn-out payments (the "Earn-out Consideration"), depending on EBITDA performance compared to the Business Plan until the end of 2024 (together the “Total Consideration”). EUR 50 million of the fixed purchase price will be paid at closing and EUR 5 million 12 months post-closing. The Total Consideration shall be paid in cash. Closing of the Transaction is expected to occur in May 2022.

Capital Increase

On April 28, 2022 MGI has successfully completed the book-building of a directed share issue of 9,569,378 new ordinary A shares, based on the authorisation set out in the articles of association of the Company. The subscription price in the Directed Share Issue is SEK 31.35 per share. MGI intends to use the net proceeds from the Directed Share Issue in order to maintain the Company’s desired capital structure following the financing of the acquisition of AxesInMotion S.L. announced on April 28, 2022, and to further strengthen the Company’s financial position in line with already announced company targets.

DIRECTORS

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

Remco Westermann (since 31 May 2018)
Tobias M. Weitzel (since 31 May 2018)
Elizabeth Para (since 31 January 2020)
Antonius Fromme (since 15 April 2021)

4. 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 18 to the financial statements.

5. RISK FACTORS

RISKS RELATED TO THE GROUP'S BUSINESS AND TECHNOLOGY

Fraud software, hacking and/or other unfair activities

Customers of the Group or third parties could attempt to prevent or negatively influence the use of the online, console and mobile games and Media/Online Advertising services offered by the Group by using fraud software, hacking and/or other unfair activities such as distributed denial of service attacks (DDOS) and/or to provide participants with advantages over other users within the scope of the games. Furthermore, user data might be stolen and used without permission as a result of a hacking attack. Furthermore, service lines might fail and the corresponding services may no longer be made available or may be interrupted up to a loss of control over the Group's infrastructure.

Customers or third parties may try to lure users to other websites with fake offers. If more virtual goods are offered in the context of such transactions, this could lead to users no longer or to a lesser extent acquiring their virtual goods via the Group's platforms. This would have a negative impact on business activity. Furthermore, the Group is only in a limited position able to monitor the trading of virtual goods outside its own platforms. Users could also be harmed in such transactions and such intrusions could happen at payment or distribution partners of the Group, which might also harm the Group.

As a provider of online, console and mobile games and platform services, the Group is also exposed to the risk that games distributed on their respective platforms may be illegally copied and offered on other platforms. If games are played on platforms other than those operated by the Group or are played in counterfeit games, the Group cannot guarantee that this can be switched off or prevented with the result that income will be lost.

Substantial program bugs could negatively affect the game experience and therefore lead to a loss of (paying) users or to a loss of payments. Program bugs may also trigger negative game experiences by the users and lead to reputation damage. These risks apply to both external and internal game development and can have a negative influence on the net assets, financial position and results of operations of the Group.

The dissemination of counterfeit offers and the illegal copying of the Group's offerings may also result in the reputation of the Group's own platform as well as the games offered suffering and the interest of users in the Group's offers dwindling. As a result, the games offered could become less attractive to users and lose overall interest in the online, console and mobile games and platform services offered by the Group.

The Company assesses the risk to be high.

Changing technologies and customer requirements

The markets for online, console and mobile games and the market for media and mobile advertising are rapidly changing business areas. They are characterised by rapidly changing technologies, new technologies (e.g. virtual reality, augmented reality, block chain and streaming), new hardware or network or software compatibility requirements, frequent introductions of improved or new online, console and mobile games and platform services as well as constantly changing and new customer requirements. The success of the Group therefore depends crucially on, in ample time, identifying new trends and developments, constantly improving existing mobile advertising services and online, console and mobile games as well as platform services, including new games and platform services in the product range, the ability to extend the lifetime of its existing games, adapting to rapidly changing customer requirements and, in particular, attracting and retaining large numbers of paying users, publishers and developers for the platform services. In particular, the Group must be in a position to recognise changing customer wishes and requirements in good time and adapt the games and platform services offered accordingly at short notice and constantly improve, expand and update them with new features in such a way that both paying and non-paying users as well as publishers and developers find it attractive. The Group also depends on the availability of development partners and software developers, their quality and their willingness to further optimise games and platform services in the long term. As the Group currently focuses on licensing new games to be launched and also a substantial part of the portfolio is licensed, the Group thus depends heavily on the availability and quality of external developer resources. As the Group also does the further development of games that already generate revenues in-house; it also depends on the availability of skilled developers.

If the Group is not able to successfully introduce new technologies and/or games and platform services to the market in time or to further optimise the technologies, games and/or platform services already offered and publish successful updates, the competitive position and growth opportunities of the Group would be adversely affected. Moreover, the Group might not sufficiently meet the demands and/or expectations of the Group's customers in the different markets in which the Group operates. The consideration of regional or target group specific characteristics including the different languages represents an additional challenge with regard to the identification and implementation of trends. This requires the use of technical, human and financial resources.

Any delay or prevention of the introduction of improved or new technologies, games and/or platform services into the product offering or their lack or delayed market acceptance as well as any incorrect introduction of technologies would have a negative impact on the Group's business, financial position and results of operations.

The Company assesses the risk to be medium.

The Group might not scale up quickly enough

The Group must be able to continue to increase the capacity of its technology platform in order to support substantial increases in the number of advertisers and device users, to support an increasing variety of advertising formats and to maintain a stable service infrastructure and reliable service delivery for the Group's mobile advertising services. The Group also needs to grow significantly to develop the market reach and scale necessary to compete effectively with large competitors. Scalability of the Group's technology is of increasing importance, as advertisers will migrate to intermediaries with the largest inventory and inventory of the best quality and publishers will migrate to intermediaries with largest and best ad demand. Currently, the industry experiences important economies of scale effects as fixed cost in technology and organisation are spread over larger volumes of ad impressions. Larger users could utilise their cost advantage to drive down pricing (revenue share) and take share from smaller users, such as the Group. This may be the case for owned and operated users, but also for independent users that scale up quickly. Large owned and operated users could in general make use of their financial resource, relationships and capacities to outcompete smaller users, e.g. through pricing, bundled deals and a broader offering. The Group must gain scale quickly through organic growth and several acquisitions and to integrate acquired businesses successfully and reap synergies, and as such strengthen as well as maintain its competitive positions.

If the Group is unable to increase the scale of its mobile advertising platform to support and manage a substantial increase in the number of advertisers and mobile device users, while also maintaining a high level of performance, the quality of the Group's services may decline and its reputation and business could be seriously harmed. In addition, if the Group is not able to support emerging mobile advertising formats or services preferred by advertisers, it may be unable to obtain new advertising clients or may lose existing advertising clients, and in either case, the Group revenue could decline.

The Group expects to continue to invest in its platform in order to meet increasing demand. Such investment may negatively affect the Group's profitability and results of operations.

The Company assesses the risk to be medium.

Platform services

The Group partly already offers and further plans to roll out platform services, which are offered to publishers and advertisers and include media services such as user acquisition for advertisers and monetization of advertising space for publishers. Should these "platform services" show defects or be of bad quality, advertiser and publishers or other customers using these services may be lost as customers of this platform, resulting in revenue losses.

The Group enters into standardized agreements with advertisers and publishers and other companies for using the "platform services". Under these agreements, service terms are being agreed. Successfully asserted claims arising from breaches of the contractual relationship for the services of "platform services" could oblige the Group to pay substantial damages. Even the assertion by customers or third parties that the Group provides its platform services incorrectly could lead to economic damage. In addition, the reputation of the Group would suffer considerable damage if "platform services" were disrupted.

The Company assesses the risk to be low.

Risks relating to the integration of newly acquired companies or part of companies

The Company is, as part of its business strategy, constantly evaluating potential acquisition targets to supplement the Company's current offering. During its history, the Group has acquired several companies and assets of various sizes. Following the acquisition of a company or part of a company, it may become apparent that the competence of the management of the acquired company has been misjudged or the integration into the Group is not successful and does not meet the expectations of the Group or that the Group has misjudged the market position, expected synergies, games quality, earnings potential, profitability, customer loyalty to the company, the growth opportunities of the company, time and costs for integration or other significant factors. Such misjudgements may also relate to the feasibility of the strategy underlying the respective acquisition. In such a case, not only would the achievement of the targets targeted by the Group with the acquisition be significantly jeopardised, but also the value of the investment as a whole. Furthermore, there is a risk that key persons of acquired companies will leave the acquired company as a result of the acquisition by the Group.

The Company assesses the risk to be low.

The possibility of using domains could be adversely affected

The Group markets its products online, console and mobile games via its own domains. The marketing of the games via the Internet requires that the domains function smoothly and that their use is neither legally nor in fact adversely affected. Any disruption, interruption or significant impairment of the availability of the Group's domains would have a direct adverse effect on business activities and have a negative effect on the Group's cash flows and results of operations.

The Company assesses the risk to be low.

Dependency on functioning settlement partners

The Group operates and markets online, console and mobile games in its game publishing division. The main source of income in this business area is the sale of virtual goods. With regard to the acquisition of these virtual goods, the Group depends on cost-effective and functioning billing partners (so-called payment providers). The costs and risks of settlement via these settlement partners are sometimes comparatively high. In addition, the Group offers payment services in the area of platform services in cooperation with payment providers. Payment providers are also at risk with regard to technical malfunctions, the temporary or structural failure of technical platforms, systems, data stocks and billing systems as well as the risk of the solvency of the billing partner. There are also risks with regard to liability due to e.g. system failures, fraud attempts and hacker attacks on the billing partner. Also on the media sector side, with SaaS, media, advertising partners that can be direct customers or intermediaries such as media agencies, could experience financial difficulties. Should the settlement partners the Group cooperates with not be able to offer its services as agreed or should such services be delayed or interrupted, it would adversely affect the processing of the services offered by the Group and thus the business activities until a new settlement partner is found or until such settlement partner is able to again offer its services as agreed, leading to that the Group cannot fulfil its services or could only fulfil them with considerable delays. Furthermore, the Group could be forced to accept less favourable conditions from another billing partner.

The Company assesses the risk to be low.

Malfunctions and/or the failure of IT systems and/or networks

The core of the Group's daily operations is partly its IT systems. The Group uses complex IT systems and data center services throughout its business operations and relies on functioning IT systems, hardware and networks to provide its services. The implementation of business activities via the internet and electronic data processing is essentially based on stable data availability, fast transmission of data and a technically stable Internet connection as well as well-functioning hardware and cloud infrastructure. The functionality of the servers used by the Group and the associated hardware, cloud and software infrastructure is of considerable importance for business activities and their attractiveness to customers. Errors and weaknesses of existing hardware, software and cloud infrastructure cannot be excluded. The business activities of the Group may also be significantly impaired by breakdowns or disruptions to IT systems and networks as a result of hardware destruction, system crashes, software problems, virus attacks, intrusion of unauthorised persons into the system, or comparable malfunctions. This can cause considerable costs. The Group may not be able to guarantee its services due to the lack of reliability, security and availability of its IT infrastructure. The materialisation of each of these risks would adversely affect the net assets, financial position and results of operations of the Group.

The Group depends on the services of internet carriers, data centres and cloud providers. The possible of any disruption of these services could lead to the services offered by the Group no longer being available to the Group's customers. Even if the Group is not responsible for these failures, the result could be damage to the Group. This could negatively affect the net assets, financial position and results of operations of the Group.

The third-party software used by the Group could become incompatible with regard to new and necessary updates due to their no longer being supported by the developer in question or due to potential architectural issues that prevent the expansion of the software, for example. In addition, the third-party software in use may violate the licence or intellectual property rights of other entities. The Group's failure to discover existing security or data vulnerabilities at an early stage could lead to a lack of security for the shared resources that are offered. This means that one customer might be able to access data for another customer. These potential risks, if realised, could negatively affect the net assets, financial position and results of operations of the Group.

The Company assesses the risk to be low.

RISKS RELATED TO THE GROUP´S BUSINESS IN THE GAMES SEGMENT

Dependency on successful marketing activities in the games segment

The success of the Group depends among others on the success of the online, console and mobile games offered. New users are attracted in particular by online marketing measures, but also by means of TV campaigns and social media channels, whose success thus plays a key role. For the financial year ended 31 December 2020, the Group's marketing expenditures for its B2C portfolio amounted to EUR 3.4 million.

The Company believes the marketing environment is difficult. There is increasing competition for advertising space. There are also more and more forms of advertising/platforms, increasing regulations and technical requirements, fraud by marketing partners and the associated quality reductions and cost increases. Business Intelligence systems are very important for optimization but are always challenged by the changes in the portfolio as well as technical changes. With its own media specialists the Group has a big competitive advantage versus peers, but also these companies face the challenges of the market. If the online, TV or social media marketing measures do not have the desired success with the consequence that fewer users are won through such marketing channels or customer acquisition becomes more expensive or inefficient, this would have an adverse effect on the business activities and thus negatively affect the Group's net assets, financial position and results of operations.

The Company assesses the risk to be medium.

Competition in the games segment

The publishing market online, console and mobile games in Europe and North America in which the Group operates, mainly via the gamigo Group (gamigo AG "gamigo" and, together with its subsidiaries, "gamigo Group"), is subject to intense competition and is characterised by constant change. The market is also highly fragmented. The Group's main market is North America, but also most other jurisdictions where the Group is active, includes a large number of small and medium-sized providers of online, console and mobile games. The Group competes with large companies but also with medium-sized and small companies that offer online, console and mobile games. In addition, internationally active providers of online, console and mobile games are increasingly trying to gain market shares in the Group's business segments.

Some existing competitors have had a comparatively longer period of business activity, and have a comparatively higher level of awareness, a broader customer base and/or significantly larger financial and technical resources. Competitors might be able to react faster to new or developing technologies or standards and to changes in customer requirements, or spend more resources on the development, marketing, acquisition of game licenses and distribution of online, console and mobile games, and/or offer competitive online, console and mobile games at a lower price or in other business models.

Other providers that have so far been active exclusively in other, possibly adjacent markets and in some cases have considerably higher technical and financial resources may decide to enter the market for online, console and mobile games. Furthermore, new competitors may enter the market or new alliances may form between competitors that could gain significant market share in a short period of time. Increased competition could lead to price pressure, reduced margins and a loss of market share. In addition, consolidation of the market has accelerated in recent years as a result of takeovers of game providers of various sizes. If this process continues, the existing price and competitive, for example in the fields of acquisition of companies, assets, intellectual property rights as well as launches and user acquisition, pressure is likely to intensify further. Should any of these risks materialise, it could have an adverse effect on net assets, financial position, market share, acquisition opportunities and results of operations of the Group.

The Company assesses the risk to be medium.

Consumer behaviour in the games segment

The Company's subsidiary gamigo offers more than 5,000 casual games and over 10 massively multiplayer online games ("MMOs"), belonging to a variety of different genres. All of gamigo's games are free-to-play. The game selection includes first-person shooters, fantasy role-playing games ("RPGs"), building-strategy games, mobile and casual games. The sales of the Group's products depend upon the buying power, purchase patterns and user behaviour of its end consumers. Changes in customers' preference or purchasing patterns may adversely affect the Group's net sales. The willingness of consumers to purchase the Group's products and use its services may decrease due to external factors, such as a general downturn in the economy resulting from inter alia the ongoing war and geopolitical turmoil in Eastern Europe, which affect the consumers buying power or purchase patterns. If the willingness of end consumers to buy the Group's products decreases, it will have an adverse effect on the Group's sales, earnings and financial position. The Group's ability to maintain existing, and attract new, customers depends upon the Group's ability to identify and anticipate future market changes, changes in customer behaviour and trends early on and to rapidly react on existing and future market needs. If the Group fails to identify, anticipate and react to market changes or trends, this could have an adverse effect on the Group's business, earnings or financial position.

The Company assesses the risk to be low.

Competition in portals specialising in casual games

The Group offers so-called casual games on specialised portals, which are generally and not exclusively licensed by game developers. The revenue model for casual games on specialised portals is based on the free-of-charge availability of such games for a limited period of time (usually for one hour), following which the users may continue using the full version of the game for a flat fee. As an alternative, also subscription models are being used.

These or comparable portals or games that are offered via the portals may be offered on the market free of charge by other publishers, for example based on application of a revenue model based on the use of advertisements instead of flat fees or subscriptions. If this risk was to materialise, it could force the members of the Group to change their revenue model for such portals or to stop offering these portals to the market due to decreasing revenues or margins. Casual games offered on specialised portals might also become less attractive to users. If any of these risks were to materialise, it could have an adverse effect on the net assets, financial position and/or results of operations of the Group.

The Company assesses the risk to be low.

Dependency on certain games in the games segment

The success of the Group in the game publishing division depends crucially on the success of the major revenue generating top 10 games being, as per March 2022, Wizard101, Trove, WildTangent Games, Desert Operations, Fiesta, Rift, Aura Kingdom, Grand Fantasia, Pirate101 and Shaiya. The success of the Group therefore depends on the success of these games, so that the failure or absence of success or the non-renewal of the licenses or technical problems could lead to a loss of sales even for one of the aforementioned games and thus have a negative impact on the Group's earnings, financial position and cash flows.

The Company assesses the risk to be low.

Dependency on the number of paying users

The online, console and mobile games offered by the Group are to a great extent free of charge. The Group only generates revenues from these games if the users purchase virtual goods that improve or embellish the playing possibilities for the users or the characters they play or accelerate the progress of the game using a previously purchased virtual currency. The Group's success therefore depends on a substantial proportion of users being prepared to purchase virtual currency and thus virtual goods with real money. Should it not be possible to attract a sufficient number of users who are prepared to purchase virtual currency and thus virtual goods or should a lack of attractiveness of the virtual goods offered result in fewer users being prepared to purchase virtual currency and thus virtual goods, this would have an adverse effect on the Group's earnings, financial position and cash flows.

The Company assesses the risk to be low.

Dependency on leading game platforms

The Group depends on the leading platforms in western markets, such as Steam, Sony PlayStation and Microsoft X-Box, as well as the Google Play Store and the Apple App Store for the sale of games. The cost, quality and availability of using these platforms are not under the Group's control. Also, the approval process for these platforms can be negative or more protracted than expected, meaning that the business activity of the Group may be delayed or even hindered. Any changes to and related to the platforms mentioned therefore have the potential of a negative effect on the net assets, financial position and results of operations.

The Company assesses the risk to be low.

Ability to maintain a successful games portfolio

The Group's diverse portfolio has been build-up through company acquisitions, purchasing of game licenses as well as worldwide publishing rights. The Group mainly licenses online, console and mobile games that were developed by third parties. The Group's availability to new games therefore depends on access to licenses to successful online, console and mobile games which are to a great extent produced by external development studios. If new licenses are not available on the market for the Group or these newly licensable games are not technically flawless or experience programming errors or similar malfunctions, this would have a negative effect on business activity. Furthermore, new games licensed by the Group could still be in development when licensed and game concepts might turn out to be not feasible or not marketable in early stages of the development or at all, which could lead to that new game projects are cancelled. The unavailability of licenses to successful online, console and mobile games, or delays in the start of a new game as well as increases of related cost can have a negative impact on business development.

The Company assesses the risk to be low.

Risks relating to the public perception of, in particular, violent games and youth

The Group operates in a market that is highly dependent on public perception. Violent crimes are regularly associated with the consumption of violent online, console and mobile games by the perpetrators of violent crimes by the press and in the context of social discussion. The more violent crimes associated with the use of online, console and mobile games, the greater the risk that the image of the games industry will change adversely. This can also be the result of public discourse on gambling addiction problems, for example with regard to sleep losses or the ingestion of performance-enhancing substances, in connection with online, console and mobile games. Also based on the recent development in China, where new rules restricting minors' online gaming were introduced in August 2021, a stronger self-regulation/regulation regarding youth could be expected or even enforced. A negatively developing image of the games industry would mean that fewer and fewer customers are prepared to use the online, console and mobile games offered by the Group and to purchase virtual goods in the process. Therefore, a negatively developing image of the gaming industry would have a negative effect on the Group's business activities, its reputation and net assets and might even lead to laws preventing from certain game types or services which would have a negative effect on the Group's business activities.

The Company assesses the risk to be low.

RISKS RELATED TO THE GROUP´S BUSINESS IN THE MEDIA SEGMENT

Risks related to international operations and expansion in the media segment

Due to its M&A activities the Group has offices in several countries and its products and services are available in multiple languages. The Group expects that its future success is predicated on its ability to continue to expand its existing international operations and on opening or acquiring companies with offices in new jurisdictions and expanding the offerings in new languages. However, the Group has limited operating history and the ability to manage its business and conduct the operations internationally requires considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems and commercial markets. Further expansion of the Group's products and services may prove to be unsuccessful due to regional differences in consumer behaviour, business model, competitive landscape and regulation. For instance, in some countries app developers have strongly developed their own ad monetisation platforms, which may prevent the Group from successfully and profitably entering such markets. International expansion has required and will continue to require the Group to invest significant funds and other resources.

In addition, the user base may expand more rapidly in international regions where the Group is less successful in monetising its products and services. As the Group's user base continues to expand internationally, it will need to increase revenue from the activity generated by the international users in order to grow its business. The Group's further growth is predicated on a more international footprint. The Group may never achieve this. The Group's inability to successfully expand internationally could adversely affect the business, financial condition and operating results.

Finally, the Company's Media business in Asia is increasingly growing in importance. This growth in business activities in the Asian markets increases the likelihood to be subject to the ongoing regulatory activities in Asian markets and specifically in China.

The Company assesses the risk to be medium.

Risk related to advertising fraud

The Group is of risk of being exposed to fraud, especially in the area of online advertising and affiliate marketing. Because of the high level of fraud in internet advertising, there is a substantial risk that the

Company’s operations are affected, especially as there is normally no possibility of access to customer data and systems in order to better detect fraud. Fraud can have a significant negative impact on the Groups customer acquisition as well as on media volumes of business and therefore also negatively affect the business activities and the net assets, financial position and results of operations of the group.

The Company assesses the risk to be high.

Technology in the media sector may not be scalable enough

The Group’s technology must scale to process all of the advertising impressions from the collection of all of the visitors of all of the websites and applications offered on the Group’s platform combined. Within milliseconds of a user visiting a website or clicking on an application containing the Group’s technology, this technology must effect a transaction for a publisher and conduct an auction, in which hundreds of advertisers and tens of thousands of advertiser brands can participate. The Group’s technology must be able to send bid requests to all of the appropriate and available advertisers on its platform per ad impression shown. It must perform these transactions end-to-end at speeds often faster than the page or application loads for the user. The Group’s technology must surmount the challenge of processing the combined volume of every website and application and all of the constantly evolving advertisers’ bidding technologies, at speeds that are often faster than their capabilities. It is key for the Group’s success that its platform achieves network effects. For this, its technology platform must be able to handle significant increases in the numbers of advertisers and publishers active on the platform as well as to support additional ad formats without jeopardising the stability of the IT infrastructure and reliability of its service delivery.

If the Group fails to (cost-) effectively increase the scale of its platform, to support and manage a substantial increase in the number of transactions, as well as a substantial increase in the amount of data the Group processes, whilst also maintaining a high level of performance, the quality of its services could decline and its reputation and business could be seriously harmed. In addition, if the Group is not able to continue processing these transactions at fast enough speeds or if the Group is unable to support emerging advertising formats or services preferred by publishers and advertisers, the Group may be unable to obtain new advertisers or publishers, the Group may lose existing advertisers or publishers or it could lose revenue from its failure to process transactions in a timely manner, any of which could cause the Group’s revenue to decline.

The Company assesses the risk to be low.

Overall demand for advertising in the media segment

The Group's business highly depends on the overall demand for advertising and on the economic success of the Group's current and potential publishers and advertisers. If advertisers reduce their spending on advertising, the Group's revenue and results of operations are affected. Many advertisers spend a higher amount of their advertising budgets in the fourth quarter of the calendar year due to increased holiday purchasing or for budget reasons. If advertisers reduce the amount of their advertising spending during the fourth quarter (or an earlier quarter), or if the amount of inventory available to advertisers during that period is reduced, this could have an adverse effect on the Group's revenue and operating results for that fiscal year. Economic downturns or instability in political or market conditions may cause advertisers to reduce their advertising budgets. Reductions in inventory would make the Group's solution less attractive to advertisers. Moreover, any changes in the treatment of advertising expenses and the deductibility of such expenses for tax purposes would likely cause a reduction in advertising demand. In addition, concerns over the sovereign debt situation in certain countries in the European Union, question marks over the speed of recovery of the US economy and concerns over China and Russia among others, as well as continued geopolitical turmoil in several parts of the world have and may continue to put pressure on global economic conditions, which could lead to reduced spending on advertising.

The Company assesses the risk to be medium.

Leading global technology companies may undermine the Group's revenue model in the media segment

In many cases, the parties that control the development of mobile connected devices and operating systems include the Group's most significant competitors in the mobile advertising industry. For example, Apple controls two of the most popular mobile devices, the iPhone and the iPad, as well as the iOS operating system that runs on them. Apple controls the app store for downloading apps that run on Apple's mobile devices and Google controls the Android operating system and Google Play. The Group depends on the interoperability of its products and services with popular devices, desktop and mobile operating systems and web browsers that it does not control, such as Android, iOS, Chrome, Internet Explorer and Firefox. Any changes in such systems, devices or web browsers that degrade the functionality of the Group's products and services or give preferential treatment to competitive products or services could adversely affect usage of the Group's products and services. If the Group's mobile advertising platform were unable to work on these devices or operating systems, either because of technological constraints or because the maker of these devices or publisher of these operating systems wish to impair their competitors' ability to compete with them or such competitors' ability to fulfil advertising space, or inventory from developers whose apps are distributed through their control channels, the Group's ability to generate revenue could be significantly affected. This might have an impact on the Group's ad formats and/or revenue model (e.g., rewarded formats), as for example Apple and Google could bar certain apps or clients from their apps store which are important to the Group and could give preference to their own products and services. Consequently, leading global technology companies such as Apple and Google have the power to undermine the revenue model of the Group.

Further, if the number of platforms for which the Group develops its product expands, this can result in an increase in the Group's operating expenses. In order to deliver high-quality products and services, it is important that the Group's products and services work well with a range of operating systems, networks, devices, web browsers and standards that it does not control. In addition, because a majority of its users access the products and services through mobile devices, the Group depends on the interoperability of its products and services with mobile devices and operating systems. The Group may not be successful in developing relationships with key participants in the mobile industry or in developing products or services that operate effectively with these operating systems, networks, devices, web browsers and standards. In the event that it is difficult for the Group's users to access and use the products and services, particularly on their mobile devices, the user growth and engagement could be harmed, and the business and operating results could be adversely affected.

The Company assesses the risk to be medium.

Lack of long-term agreements with advertisers and publishers in the media segment

The Group's contracts with advertisers and publishers generally do not provide for any minimum volumes or may be terminated on relatively short or no notice and without penalty. Advertisers' and publishers' needs and plans can change quickly, and advertisers or publishers may reduce volumes or terminate their arrangements with the Group for a variety of reasons, including financial issues or other changes in circumstances, new offerings by or strategic relationships with the Group's competitors, change in control, or declining general economic conditions. Technical issues could also cause a decline in spending. As a result, the Group has limited visibility as to its future advertising revenue streams. There is a risk that the Group's advertiser and publisher clients will not continue to use its services or that the Group will not be able to replace, in a timely or effective manner, departing clients with new clients that generate comparable revenue. In addition, the Group's agreements typically do not restrict the publishers from entering into agreements with other companies, including the Group's competitors. There is a risk that the partners with which the Group entered into an agreement will not continue to obtain services of the Group on commercially acceptable terms, or at all, after the term of the current agreement expires, or that they will terminate the existing services on short notice, which could lead to a slow down or a drop in revenue and harm the Group's reputation.

The Company assesses the risk to be medium.

Continued growth in usage of mobile connected devices

The Group's business depends on the continued proliferation of mobile connected devices, such as smartphones and tablets that can connect to the Internet over a cellular, wireless or other network as well as the increased consumption of content through those devices. Consumer usage of these mobile connected devices may be inhibited for a number of reasons such as changes in user behaviour, concerns regarding data protection and data usage or changes in cost of smartphones etc. For any of these reasons or similar, users of mobile connected devices may limit the amount of time they spend on these devices and the number of apps they download on these devices. If user adoption of mobile connected devices and consumer consumption of content on those devices do not continue to grow, the Group's total addressable market size may be significantly limited, which could compromise its ability to increase the Group's revenue and become profitable which may have an adverse effect on the same.

The Company assesses the risk to be low.

Seasonality of advertising spending in the media segment

The Group's results of operations and cash flows vary from quarter to quarter due to the seasonal nature of advertising spending. In contrast to the higher amount of advertising budgets spent during the fourth quarter, the first quarter of the calendar year is typically the slowest in terms of advertising spend. This affects the Group's results of operations, cash flows and cash requirements. Seasonal fluctuations could become more pronounced in the future. In addition, digital advertising spend is volatile and unpredictable. As a result, in times of lower advertising spend than expected the Group's revenues may be materially adversely affected. Similarly, in times of higher and instantaneously increasing advertising spend and traffic, the Group's platform must be able to support substantial increases in the number of publishers and advertisers generating traffic, and to support the variety of advertising formats whilst maintaining a stable and effectively functioning infrastructure and reliable service to customers. This flexibility and stability requires significant investments in both organisation and technology, which increases the Group's cost base.

The Company assesses the risk to be low.

Novelty of mobile advertising market in the media segment

The substantial majority of the Group's revenue in the media segment is derived from customers that purchase mobile advertising through the Group's platform either on a self-serve basis or via the Group executing campaigns for them. The Group expects that spend on mobile advertising will continue to be its main source of revenue for the foreseeable future in the media segment, and that the Group's revenue growth will depend on increasing mobile advertising spend through its platform. The market for mobile advertising is an emerging market and today advertisers generally devote a growing portion of their advertising budgets to digital advertising, while the spend for traditional advertising methods, such as TV, newspapers, radio and billboards is declining. The Group's current and potential customers may find mobile advertising to be less effective than other brand advertising methods, and they may reduce their spending on mobile advertising as a result. Emerging channels such as mobile and social media are still quite young and may not or not rapidly enough develop into viable channels.

The future growth of the Group's business could be constrained by both, the level of acceptance and expansion of digital and mobile advertising as a format and emerging digital and mobile advertising channels, as well as the continued use and growth of existing channels. Even if these new channels become widely adopted, advertisers may not increase their advertising spend through platforms such as the Group's. If the market for mobile advertising deteriorates, develops more slowly than the Group expects or the shift from traditional advertising methods to digital advertising does not continue, or there is a reduction in demand for digital and mobile advertising caused by weakening economic conditions, decreases in corporate spending, perception that mobile advertising is less effective, less safe than other media or otherwise, it could reduce demand for the Group's offerings, which could decrease revenue or otherwise adversely affect its business.

The Group's current and potential customers may also suffer from increasing penetration of adblocking programs. Ad-blocking software has been in use on the web and in mobile browsers for some years and, whilst technically more difficult, is also coming to mobile apps. For instance, technology has been developed that sits in an operator's network and filters out any ad other than those on a whitelist. This could significantly impact advertisers' campaigns and as such, the demand for mobile advertising and revenues as well as it could change the economics in the mobile ecosystem and decrease the share intermediaries can capture. If ad-blocking technology for mobile apps becomes more widespread, this could impact the Group's offerings and positioning, which could significantly decrease revenue and margin.

The Company assesses the risk to be low.

Working for direct competitors

The Group markets computer games and other products and services from third parties, among other things, in close cooperation with its media unit. In this business segment, there are similar markets risks as in the game publishing sector, as well as risks concerning customer relationships. The size and therefore the importance of existing customers is growing. This business segment consists of campaign-based revenues as well as revenue streams from SaaS revenues and revenue shares that have longer reliable sustainability. As the Group's media companies are also working for direct competitors of the Group, the separation of the business divisions (known as Chinese walls) are deemed to be adequate by the customers. Any doubts in customers' minds as to this Chinese-walls principle could have a significant impact on Group's media segment's volume of business and therefore also negatively affect the business activities and the net assets, financial position and results of operations of the whole Group.

The Company assesses the risk to be low.

Lack of control over information technology systems over services are provided in the media segment

The Group’s mobile platform and smartphone operating systems depend on the reliability of the network operators and carriers who maintain sophisticated and complex mobile networks, as well as the Group’s ability to deliver ads on those networks at prices that enable the Group to realise a profit. Mobile networks have been subject to rapid growth and technological change, particularly in recent years. The Group does not control these networks.

Mobile networks could fail for a variety of reasons, including new technology incompatibility, degradation of network performance under the strain of too many mobile consumers using the network, general failure from natural disaster or political or regulatory shut-down. Individuals and groups who develop and deploy viruses, worms and other malicious software programmes could also attack mobile networks and the devices that run on those networks. Any actual or perceived security threat to mobile devices or any mobile network could lead existing and potential device users to reduce or refrain from mobile usage or reduce or refrain from responding to the services offered by the Group’s advertising clients. If the network of a mobile operator should fail for any reason, the Group would not be able to effectively provide the Group’s services to its clients through that mobile network. This in turn could hurt the Group’s reputation and cause the Group to lose significant revenue.

Mobile carriers may also increase restrictions on the amounts or types of data that can be transmitted over their networks or change their pricing plans. The Group currently generates revenue from its advertiser clients based on the type of ads the Group delivers, such as display ads, rich media ads or video ads. In some cases, the Group is paid by advertisers on a cost-per-thousand, or CPM, basis depending on the number of ads shown. In other cases, the Group is paid on a cost-per-click, or CPC, cost per install, or CPI, or cost-per-action, or CPA, basis depending on the action taken by the mobile device user. Different types of ads consume differing amounts of bandwidth and network capacity. If a network carrier were to restrict amounts of data that can be delivered on that carrier’s network or change pricing plans, block ads on their networks, or otherwise control the kind of content that may be downloaded to a device that operates on the network, it could negatively affect the Group’s pricing practices and inhibit the Group’s ability to deliver targeted advertising to that carrier’s users, both of which could impair the Group’s ability to generate revenue.

The Company assesses the risk to be low.

Changes in market power among publishers, intermediaries and advertisers in the media segment

The Group’s operating subsidiaries provide technical solutions for app publishers to monetise ad advertise their apps and generate revenue by matching the app publishers’ ad inventory with demand from advertising companies targeting specific types of app users in particular geographies.

The Group receives a portion of the payment the advertisers are paying for placing ads into the apps of the publishers. The Group therefore focuses on maximising their revenues after inventory acquisition costs on an absolute basis. The Group believes this focus fortifies a number of its competitive strengths, including continuous improvement of the Group's scalable and adaptable technology platform. As part of this focus, the Group intends to continue to invest in building relationships directly with publishers, increasing access to leading advertising exchanges and enhancing the quality and liquidity of its advertising inventory supply. This includes purchasing advertising inventory that may have a lower margin on an individual impression basis and may be less effective in generating clicks. In addition, the Group experiences and expects to continue to experience, increased competition for advertising inventory purchased on a programmatic basis. Changes in the ad value chain, where programmatic buying results in intermediaries such as the Group might become less important or where other new models emerge, may result in increased margin pressure for the Group.

The Group’s business will also suffer to the extent that the Group’s publisher clients and advertiser clients purchase and sell mobile advertising directly from each other or through other companies that act as intermediaries between publishers and advertisers. For example large owned and operated companies such as Twitter, Facebook, Google and Yahoo, which have their own mobile advertising capabilities, may decide to sell third-party ad inventory which would have been sold by the Group’s services otherwise. Therefore, margin pressure for the Group also results from the concentration of publishers, advertisers and/ or intermediaries along the value-chain as such shifting buying power across the industry. If publishers decide not to make advertising inventory available to the Group for any of these reasons, or decide to increase the price of inventory, then the Group’s revenue could decline and the Group’s cost of acquiring inventory could increase. If for any other reason there is a shift in the buying power among the app publishers, other intermediaries and the advertisers respectively, this may negatively impact the Group’s margins or even significantly impact the Group’s ability to generate revenue and increase its costs of sale.

Also the changes regarding identifiers such as IDFA (Identity for Advertisers) of Apple and cookies, lead to structural changes. While big players are closing their eco-systems changing into so called “walled-gardens”, tracking and targeting become more difficult and/or need to be based on other methods. Powers in this market will change as a result of these changes leading to more competition between the large players such as Apple, Google and Amazon, but also threatening the positions of smaller independent players, including the Group’s media segment, who will need to rely more heavily on first party data, contextual data and other privacy conformed technologies and solutions.

The Company assesses the risk to be medium.

Sales efforts with advertisers and publishers may prove unsuccessful in the media segment

Attracting new advertiser and publisher clients requires substantial time and expense, and the Group may not be successful in establishing new relationships or in maintaining or advancing its current relationships as the Group operates in a fragmented landscape and it relies on intermediaries. For example, it may be difficult to identify, engage with and market to potential advertiser clients, directly or through intermediaries, who do not currently spend on mobile advertising or are unfamiliar with the Group’s current services or platform.

The novelty of the Group’s services and its business model often require the Group to spend substantial time and effort educating potential advertiser and publisher clients about the Group’s offerings, including providing demonstrations and comparisons against other available services. This process can be costly and time-consuming. If the Group is not successful with advertisers and publishers, its ability to maintain and grow its effective sales, revenue and profits may be adversely affected.

The Company assesses the risk to be low.

Reliance on large advertisers and publishers in the media segment

Certain large advertisers and publishers have accounted for and will continue to account for a large share of the Group’s business. Whilst no advertiser or publisher had accounted for more than 20 percent of revenue and the top ten advertisers or publishers were less than 70 percent in the last financial year, respectively, the retention of large advertisers and publishers is important to the Group’s operating results as well as the robustness of its exchange. The number of large media advertisers in the market is finite, and it could be difficult for the Group to replace revenue loss from any advertisers or publishers whose relationships with the Group diminish or terminate. Just as growth in the Group’s inventory strengthens advertisers’ activity as a result of network effects, loss of inventory or advertisers could have the opposite effect. Loss of revenue from significant advertisers or failure to collect accounts receivable, whether as a result of advertiser payment default, contract termination, or other factors, or significant reductions in inventory, could have a significant negative impact on the Group's reputation, its results of operation and overall financial condition.

The Company assesses the risk to be low.

RISKS RELATED TO POLITICAL, SOCIAL AND LEGAL ASPECTS

Disputes and litigation

The Group is on a regular basis – mostly as a result of its continued M&A activities – involved in various legal disputes, proceedings and arbitration proceedings, in particular with partners, employees and former shareholders of acquired companies. The following are lawsuits that the Group deems substantial, all resulting from one M&A transaction with the same former ultimate beneficial owner:

- Seller of looki publishing GmbH ("Looki") v. Samarion SE, Arbitration Proceeding

In these arbitration proceedings, the seller of Looki (acquired by gamigo in 2015) challenged the duly agreed upon payment of a part of a call option executed by Samarion SE regarding gamigo AG shares. While a claim versus the seller exists, the seller claims that the payment could only be made in cash and not via offsetting receivables versus the seller. Therefore, the seller is disputing full payment and in line with that the valid share transfer to Samarion. The value in dispute amounts to approximately EUR 1.0 million, which reflects also the maximal financial burden for this case (next to legal costs), for which a provision exists.

- gamigo Publishing GmbH and gamigo AG v. Seller of Looki, District Court Münster

In these proceedings, the plaintiffs have requested the declaration by the court that the defendant is not entitled to a remuneration for services as claimed by the seller. The preliminary amount in dispute is a cumulative amount of EUR 1.1 million. A conservative provision for payables as well as legal costs has been made.

The possible negative outcomes of current and future disputes could have a negative effect on the Group's business, earnings or financial position. Defending claims or lawsuits can be expensive and time consuming, divert management resources, damage the Group's reputation and also cause regulatory inquiries. Further, the Group might also be involved in other disputes or subject to other litigation in the future. Any of these developments can have a material adverse effect on the Group's business, results of operations or financial condition.

The Company assesses the risk to be medium.

Political risks and risks from various jurisdictions and legal systems

The Group currently has subsidiaries in several countries. While most employees are in Germany as well as in the USA, there are also smaller entities and offices in, among others, the Netherlands, Brazil, Japan, China and Turkey and sells its games and services worldwide. Furthermore, a large proportion of the online, console and mobile games distributed by the Group are being developed in China, Korea, Russia, Taiwan and various other countries. As consequence hereof, risks arising at the branch, sales and production locations could also have a negative impact on the Group's operational development. The political, social, economic and/or legal framework conditions at the production sites and distribution countries could change to the detriment of the Group. For example, [Russia's military invasion of Ukraine has led to unprecedented sanctions and trade restrictions between major parts of the international community and Russia and it is currently uncertain whether the Group will be able to continue to purchase services from and cooperate with its Russian partners. Furthermore,] trade restrictions, limited protection of intellectual property, currency control regulations or changes in customs regulations or increases in customs duties may have a negative impact on the Group's business activities. These location and country risks may also result in foreign subsidiaries or production and sales sites being temporarily unable to perform their services or only be able to perform such services to a limited extent. Furthermore, the integration of foreign accounting systems can also involve considerable time and cost.

Similarly, adverse changes with regard to the other conditions important for procurement, distribution and production, such as economic stability, exchange rates, infrastructure and the availability and in particular the costs of skilled workers in these countries, could worsen.

In this way, social and political developments in the production countries lead to an increase in production costs due to an increase in non-wage labour costs. Furthermore, a shift in the economic environment in these countries towards high quality technologies can lead to workers moving to other industries. This can lead to a shortage of skilled workers and thus to a supply bottleneck and/ or cost increases. Moreover, there is a risk that labour disputes would arise in the future at foreign production sites that could lead to delivery delays, delivery failures and/or cost increases.

The occurrence of one or more of these risks would have negative effects on the net assets, financial position and results of operations of the Group.

The Company assesses the risk to be low.

Addictive behaviour relating to in-game purchases could trigger negative press or legislative actions

European regulators have been questioning whether video games featuring so-called “loot boxes” should be considered as gambling. Loot boxes are packages containing digital items for use “in-game” that can be earned by playing or by purchasing the loot boxes. The items inside each virtual box are randomised and the probability of encountering the items is set solely by the developer. Rare items are usually of particular interest for the purchaser, which, due to the rarity of the item, have a low probability to be included in a loot box. In some cases, the items inside a loot box can enhance the player’s gameplay, creating an added incentive to spend real money to acquire a digital item faster. No loot box like functionalities are used in the B2B and casual segment. Only some MMO games are using this functionality to a limited extent. During the financial year ended 31 December 2020, income relatable to loot boxes and in-game purchases amounted to approximately five percent of the Groups revenue.

There is a risk that the use of loot boxes or similar in-game earning or purchase methods creates or supports an addictive behaviour with the players, entailing negative press for the Company or its industry. Furthermore, if such behaviour increase, it could lead to legislative actions or interventions by the regulator in order to prevent addictive behaviour relating to in-game purchases. In addition, there is a risk that the use of in-game earning or purchase methods may violate existing gambling laws in the jurisdiction the Company operates. For example, Belgium and the Netherlands have already declared that loot boxes violate their national gambling laws and have banned the practice. There is a risk that similar regulations in other countries may come into force, which could have adverse effects on gamigo’s revenues, financial position and results.

The Company assesses the risk to be medium.

Risk relating to the handling of personal data

In the respective markets, the Group is confronted with a multitude of frequently changing and constantly increasing legal conditions affecting the business activities of the Group. Numerous of such legal provisions concern the collection, processing and responsibility for the content and protection of data, in particular personal data. In view of the need for special protection of personal rights on the Internet, legal risks will arise, particularly in connection with the extensive possibilities of collecting and storing personal data and linking and evaluating it with other usage data to form comprehensive customer and user profiles. For the Group's operations on the European market, the handling of personal data is governed by the General Data Protection Regulation (the "GDPR"). The GDPR entered into force during 2018 and entailed strict sanctions for breach of the regulation, where fines may amount to the higher of EUR 20 million and four percent of the global turnover of the Group. In February 2022, the Belgian data protection authority rendered a decision regarding the Transparency and Consent Framework ("TCF") – a widespread standard for collecting of user consent regarding personal data for personalised advertisement. According to the decision, the TCF standard contains several defects in relation to the GDPR. The TCF standard is an integral part of the European operations in Group's media segment, and is currently difficult to assess the negative consequences from the decision rendered by the Belgian data protection authority. The decision may have long term negative effects on the European adtech industry as well as negative consequences on the revenues from the Group's European media segment operations.

For the Groups operations within the United States, the California Consumer Privacy Act (CCPA) applies. On 2 March 2021, the state of Virginia enacted a comprehensive state privacy law, the Virginia Consumer Data Protection Act (VCDPA), which aligns with the GDPR in a few key respects including the adoption of data protection assessment requirements, and "controller" and "processor" terminology. The VCDPA will go into effect on 1 January 2023. Furthermore, more and more countries/legislations beyond the US and the European Union are adopting GDPR-comparable standards (e.g. Brazil with the LGPD) with widely overlapping but often also deviating rules with regard to data protection.

Since the Group is active in several different jurisdictions globally, the Group must also adapt its operations and keep itself informed of potentially different interpretations of the GDPR by (or other applicable personal data legislation outside the EU) by the relevant competent data protection authority. As of the date hereof, the Company handled personal data of approximately 180 million customers. Since the Company handles a large amount of personal data, wrongful handling of personal data in violation of applicable data protection laws and regulations in the jurisdiction in which the

Company operates could led to severe fines and in turn have a material adverse impact on the Company's operation and financial position and adversely affect the Group's reputation.

The Company assesses the risk to be medium.

Infringement of intellectual property rights of third parties

There is a risk that the Group will infringe the property rights of third parties, that third parties may assert claims against the Group based on the infringement of property rights or that a Group company could be sued in connection with legal disputes. This may result in the Group's products and/or services being unable or delayed to be commercialised. Even the assertion by third parties that the Group infringes the industrial property rights of third parties could lead to economic damage due to the decisive role that industrial property rights play in the industry in which the Group operates. IP proceedings can involve complex factual and legal issues and often have an uncertain outcome. Such legal disputes will also involve time, personnel and cost expenditure and may dissuade the Company from its actual business activities. Third parties could assert claims arising from the infringement of their patents or other intellectual property rights due to actions by the Company or its employees and file lawsuits against the companies of the Group. The occurrence of one or more of these risks would have a negative impact on the net assets, financial position and results of operations of the Group.

The Group is the owner of certain trademarks, patents and domains. There is a risk that a legal dispute may arise with competitors over the legality and use of the trademarks or that other third parties may take action against the Group's use of the trademarks, also as part of the domains, or may attempt to register a corresponding trademark themselves. If such an approach were successful, there is a risk that the Group would be prevented from continuing to use such trademark or other important brands for its business activities. Among other things, this could result in high costs for the Group in establishing an alternative brand in the market, which would have an adverse effect on the Company's net assets, financial position and results of operations.

The Company assesses the risk to be low.

RISKS RELATED TO FINANCIAL ASPECTS

Risk of impairment losses recognised in income due to impairment tests

The Group has on its balance sheet various assets, intangible assets and goodwill, which as of 31 December 2021 amounted to EUR 651 million. These assets, intangible assets and goodwill are generally subject to an impairment risk which must be tested as part of mandatory impairment tests. As of the date hereof, the value in use of the assets and goodwill concerned exceeds the carrying amounts. Should the value in use of the assets or goodwill fall below the book values, the amount of the book values would have to be adjusted accordingly in the balance sheet in accordance with the applicable accounting standard. Future assets and goodwill, e.g. due to acquisitions of companies or parts of companies, would also have to be corrected with an effect on expenses. Impairment of assets and goodwill due to adjustments to the value in use of the assets would have a negative impact on the Group's financial position.

The Company assesses the risk to be low.

Financing, liquidity and credit risks

The Group finances its business activities using both debt and equity capital. Debt capital funding is always associated with the risk that it may not be possible to borrow the volume required at economically acceptable conditions or that attempts at refinancing using debt capital may fail totally or partially. Internal factors (such as the credit rating assigned by the market on the basis of the group's earnings and financial situation or management's skill in dealing with existing and potential sources of debt funding) and external factors (such as the general interest rate levels on the market, the lending policies of banks and other sources of debt capital, or changes in the legal environment) both play a role. In addition, there is a risk that the refinancing interest level could move in an unfavorable direction and that the cost of financing could increase due to a rise in the interest rate. The Group is also subject to the general risk that extensions of existing liabilities, refinancing or acquisition financing may not be available to the desired extent or can only be obtained on economically unattractive terms, and that loan due dates may be brought forward, making it necessary to cash in securities under certain circumstances. The future unavailability of equity or debt on the scale required could weaken or render impossible the financing and growth of the group.

The Company assesses the risk to be medium.

Acquisitions

The Group has historically grown both organically and through acquisitions and has made over 30 acquisitions since 2013, including games, media and technology companies as well as individual game assets. The media companies are part of the platform strategy and also provide B2B services to third parties.

Recent gaming acquisitions include, among others, acquired assets from Trion Worlds Inc. in October 2018 and the US based publisher WildTangent Inc. in April 2019 at an acquisition price of USD 9.25 million and USD 5 million, respectively. In January 2021, the Group acquired, via gamigo AG, KingsIsle Entertainment Inc., a leading game developer and publisher, based in Austin, Texas, including the fully owned Massive-Multiplayer-Games Wizard101 and Pirate101, and, via a US subsidiary, Nexstar Inc.'s digital video advertising technology platform, formerly known as LKQD, with a reach of over 200 million unique monthly users in the US across desktop, mobile, in-app, and connected TV devices. In September 2021, the Group acquired 99.9 per cent. of the shares of Shanghai Yi Qiu Business Management Co., Ltd, being the holding company of Smaato. Smaato, based in San Francisco and Hamburg, operates a mobile first digital Advertising Technology Platform. Smaato offers its services to publishers on a software-as-a-service basis. In October 2021, the Group acquired Match2One AB, a fast-growing self-serve programmatic demand side platform with a technically advanced user interface and focus on e-commerce and SMEs.

According to its current business plan, the Group is evaluating further targeted acquisitions of companies or parts of companies for purposes of expanding its offerings and business activities. The acquisition of companies and shareholdings as well as the purchase of company assets involves certain risks. There is a risk that the risks associated with an acquisition or asset purchase will arise or materialise at a later date that were not identified or misjudged during the previous audit or that are not covered by guarantees given. In such a case, the corresponding warranty period may already have expired or recourse to the seller or may not be possible for other reasons. The Group is as such actively pursuing a buy and build strategy within the two fast growing synergetic segments media and games.

The Company assesses the risk to be medium.

Tax related risks

The Group conducts its business in accordance with its own interpretation of applicable tax regulations and applicable requirements and decisions. The Group is currently undergoing an audit by the tax authorities relating to ME mobile GmbH (former AppLift GmbH), Verve Group Europe GmbH, gamigo AG and gamigo Publishing GmbH with a potential exposure in the amount of EUR 1,000 thousand. There is a risk that the Group's or its advisers' interpretation and the Group's application of laws, provisions, judicial practice has not been, or will in the future not be, correct or that such laws, provisions and practice will be changed, potentially with retroactive effect. Such risk is increased, should the Company's announced relocation come into effect (see below under "Risks relating to the Company's change of jurisdiction"). If such an event should occur, the Group's tax liabilities can increase, which would have a negative effect on the Group's results and financial position. Revisions to tax regulations could for example comprise denied interest deductions, additional taxes on the direct or indirect sale of property and/or tax losses carried forward being forfeited. There is also the risk of tax increases and the introduction of additional taxes which would affect the Group's results and financial position in the future. In the event of a change in the tax legislations or the interpretation of existing tax laws, the business activities of the Group may be adversely affected.

The Company assesses the risk to be low.

COVID-19

Due to the COVID-19 pandemic, many companies are facing major challenges due to extensive political restrictions as well as changing consumer patterns. Due to the crisis, economists rate the recession risk higher. There is also an increased risk of disruptions in the supply chains and higher inflation rates which may have an adverse impact of the markets on which the Group operate. Particularly in the Media division, such disruptions could lead to lower revenues, and the Group has noticed an actual decrease of demand from customers operating in the travel and retail sectors. However, the short- and medium-term risk from the crisis with respect to the Group's game segment is considered low.

The Company assesses the risk to be medium.

RISKS RELATING TO THE COMPANY'S CHANGE OF JURISDICTION

On 9 February 2022, the Company announced that its board of directors had resolved to propose to the Company's shareholders, at the 2022 annual general meeting, to relocate the Company's registered office and headquarters from Malta to Sweden. The Company's stakeholders expect the relocation to occur in accordance with the disclosed plan. However, the relocation cannot be guaranteed since it is still subject to shareholder approval and should it, for any reason, not be completed the Company may suffer reputational damage. Furthermore, should the change of jurisdiction come into effect, the Company will be subject of Swedish laws and regulations, inter alia the Swedish Company Act (Sw. aktiebolagslagen) and the Swedish Corporate Governance Code (Sw. Svensk kod för bolagsstyrning). There can be no guarantee that the Company will be able to comply with the increased regulatory burden imposed as a result of the relocation. Furthermore, the Company may be subject of increased tax risks following a jurisdiction change (see above under “Tax related risks”).

Failure to comply with Swedish law and/or regulations, as well as failure to foresee negative consequences of the jurisdiction change, could result in reputational damage or increased costs due to sanctions and/or penalties, which in turn could have a material adverse effect on the Company’s financial position.

The Company assesses the risk to be medium.

Further details on financial risks can be found in note 5 of this Annual Report.

6. CORPORATE DEVELOPMENT

7.1 About the company

MGI is active in the media and games industries and follows a ”Buy, Integrate, Build and Improve” strategy by investing in organic growth and acquisitions, with main operational presence in North America and Europe.

The year 2021 has been an important one for MGI, which has evolved from a pure-play games company in 2012 to an advertising software platform with strong access to first-party games content. Over the past two years, a focus on integrating and linking the two successful elements of media and games has created a unique company that combines the advantages of the fast-growing digital media and games industries. The advantage of a fully integrated advertising software company with its own content is obvious and the market recognizes this. Microsoft's recent purchase of Activision Blizzard as well as the ad tech platform Xandr is a signal, and with companies like AppLovin, Zynga and Skillz, other successful companies have combined or begun to combine media and games in recent years. This comes at a time when it is becoming increasingly difficult for advertisers and media companies to target users based on reliable data. First-party data from the games portfolio is a strong competitive advantage for the media division, and a strong media division is a huge competitive advantage for efficient user acquisition as well as monetization of the company's own games. This synergistic interdependence has created a flywheel that has resulted in 38% organic growth for MGI in 2021. Overall, net revenue increased 80% to EUR 252 million in 2021. This was paired with a solid adj. EBITDA margin of 28%. The business generated strong free cash flows, despite record investments in the Ad-Software-Platform combined with more than 350 launches of casual games, resulting in advertising revenues from own games at record levels. In parallel, MGI grew its Ad-Software-Platform customer base to 418 software customers with more than US$100 thousand in annual revenue. This is based on the addition of 316 additional software customers with more than 100kUSD revenue per year, resulting in an overall software customer growth rate of 410%.

The Media and Games segments are two independent business segments, each of which is profitable and growing strongly. If the two segments are combined in the right places, they also have very strong synergies, which can additionally increase profitability and growth. For example, the Games segment benefits significantly in the area of user acquisition, as up to 50% of the costs for programmatic user acquisition can be saved compared to when this is carried out by external partners. The media segment benefits from the close cooperation with the games segment, as product innovations can be tested at a much higher frequency and with a much more extensive database, which significantly increases the speed of innovation. In order to exploit these kinds of synergy benefits, a consistent integration of the acquired companies into the Group and within the segments - instead of continuing to run them as operationally autonomous islands - is a very important cornerstone of MGI's strategy.

MGI has a clear vision of where the company should be in 2025 and has defined this in a Vision 2025. MGI is pursuing four goals:

a) BEING ONE OF THE MOST DESIRED GLOBAL COMPANIES TO WORK FOR

b) BECOMING ONE OF THE TOP 5 WORLDWIDE LEADING AD-SOFTWARE-PLATFORMS

c) RESPECTING OUR PARTNERS' VALUES AND DELIVERING TRANSPARENCY TO CLIENTS

d) BUILDING A "WHITE LABEL" SAAS AD-SOFTWARE-PLATFORM

7.2 Business model

Media and Games Invest SE (‘MGI’) is an advertising software platform with strong first party games content. MGI’s main operational presence is in Europe and North America. The company combines organic growth with value-generating synergetic acquisitions, demonstrating continuous strong, profitable growth with a revenue CAGR of 77% (2018 – 2021). Next to strong organic growth, the MGI Group has successfully acquired more than 35 companies and assets in the past 6 years. The acquired assets and companies are integrated into the group, to realize synergies and cost efficiency.

The MGI business model is based on a flywheel that is driven by the software platform synergies between its Ad-Software-Platform and its games, differentiated through a transparent and open source approach versus other participants in the open internet, and which is further accelerated through M&A and innovation. In summary, a stronger proprietary games portfolio (meaning a larger audience and more first party data) will lead to more advertisers using MGI for user acquisition as they can reach a broader audience in a more targeted way (thus increasing the ROI of their user acquisition campaigns). This in turn attracts more publishers who also want to monetize their ad inventory via MGI’s Ad-Software-Platform, as there is higher demand and as they therefore can sell their ad inventory at a higher price (thus increasing their CPMs). The resulting strengths of MGI’s Ad-Software-Platform leads to better monetization of MGI’s in-game ads, as well as better user acquisition for MGI’s own games, increasing MGI’s owned audience and access to first-party data. M&A and innovation can additionally accelerate the flywheel. For example, in case of buying a mobile games company, MGI’s audience and access to first-party data would increase significantly. Also by developing new innovative products like eg. ATOM, MGI has the chance to gain additional advertisers and publishers. In the following, we will go into more detail about the individual parts of the flywheel.

MGI is one of a few providers in the Open Internet covering the entire value chain of digital advertising. The advantage of a full stack approach is that all sub-processes between the advertiser who runs advertising campaigns and the publisher who owns the advertising spaces (i.e. the access to the end user) are integrated in one platform. This means that no information gets lost between different middlemen on the way from the advertiser to the publisher and back again. A full stack approach thus makes the process more transparent and efficient. The resulting improved measurability of campaign success and more targeted identification of appropriate user profiles leads to higher ROI on the part of advertisers, better monetization of advertising space on the part of publishers, as well as more relevant ads for users. While there are a number of other companies specializing in full stack with others trying to follow, MGI is the only full stack provider in the Open Internet that serves all channels – in-app, mobile-web, web, digital out of home and connected TV.

The principal purpose of the Group is investing in organic and inorganic growth initiatives and to further pursuing activities in Online Games and Media Industry, directly and indirectly participating in companies specializing in games (especially publishing online games for mobile devices as well as PC and console) and in Advertising Technology (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, as well as invest in organic growth and to invest these funds, which support the above-mentioned purpose and as deemed appropriate by the Board of Directors.

7.3 Recent developments

2021 was a transformative year for Media and Games Invest SE. With the acquisitions of KingsIsle in Q1 and Smaato in Q3, the company has made the first two acquisitions with a purchase price exceeding the EUR 100m mark. The integration of both companies is going very well and both companies are developing even better than planned and already show significant synergy effects with the rest of the group. In addition, smaller acquisitions were realized with LKQD, Beemray and Match2One, with which the company was further strengthened, especially in the technology area. With LKQD, a strong technology and great expertise in the area of video advertising and Connected-TV was added, while Beemray is very strong in the area of contextual targeting, a technology that is becoming very relevant due to the disappearance of identifiers such as Apple's IDFA. Match2One is characterized by a unique user-friendly interface and a strong focus on e-commerce and small and medium-sized businesses. All in all, the acquisitions have enabled the company to further expand its product portfolio in terms of breadth and depth and to create significant synergies. In December 2021, MGI acquired a strategic minority position of approximately 8% in the Swedish games company Enad Global 7.

Organic growth increased significantly during the reporting period based on investments in previous years, as well as synergies and economies of scale, and amounted to 38% for the full year 2021.

Capital market activities also increased significantly due to a strongly developing share price. In total, MGI raised around EUR 150m equity and around EUR 310m debt in 2021. Leverage was always in the target range of <3x. The cost of capital was further reduced with the repayment of the EUR 25m unsecured bond.

In Q2 2021, the General Meeting decided to transform the company from a PLC into an SE in order to make the company more attractive for international investors and to benefit from a homogeneous legal framework recognized throughout the European Union. Antonius Fromme was appointed as a new member of the Board of Directors. Furthermore, the General Meeting approved the implementation of ordinary A-shares and ordinary B-shares. The A-shares have 10 voting rights and a nominal value of EUR 1.00 while the B-shares have 1 voting right and a nominal value of EUR 0.10. The previously existing ordinary shares became ordinary A-shares. The authorized capital was also increased to EUR 320,000,000.00 of which EUR 300,000,000.00 can be used for the creation of A-shares and EUR 20,000,000.00 for the creation of B-shares.

7.4 Environmental Social Governance

MGI's business strategy is guided by organic growth and acquisitions. This means that the company is always changing and evolving with new colleagues, products and services joining the Group. New companies and products are embedded in MGI's Group structure to maintain the high standards that we have set. We want to offer high quality products and services that are permanently maintained while we keep control of the cost with a Group wide controlling and regular cost efficiency checks. We want to create a safe environment for all our stakeholders: with our carbon neutral operations and efficient energy and infrastructure management we try to take care of our planet, we focus on our people with different initiatives for sustainable people management, we keep a strong focus on our customers and communities within both our business segments ensuring a diverse and tolerant environment for everyone and we are planning for the future with regular management meetings and by ensuring a financially sustainable and solid management of the Group.

During the reporting period, the company has taken numerous measures to further improve processes and strengthen the implementation of ESG aspects throughout the Group. This includes the review and optimization of the ICS together with KPMG, the first publication of a Sustainability and a Governance Report or the optimization of the ESG structure within the company, consisting of the Sustainability Board, the Sustainability Committee and individual Working Groups for our five priorities. MGI is a signatory to the UN Global Compact and published its Communication on Progress Report during the reporting period, which can be found on the UN Global Compact website at the following link: https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/458297 .

As a company active in the areas of digital media and online games, data protection and privacy as well as the protection of minors are among the most important issues. During the reporting period, we further optimized our processes in this area by, for example, introducing an in-house data protection coordinator for each department and providing further training for all our employees. In the reporting period, there were no incidents that led to penalties in the areas of data and youth protection.

In our ongoing pursuit to raise awareness for compliance, MGI organized an in-depth compliance training. During the first half of 2021, MGI employees completed a compliance workshop covering topics such as anti-money-laundering, bribery, corruption, and sanctions. Employees were made aware of the warning signs and pitfalls in connection to the aforementioned topics and how to act in case critical situations arise. The training was given by lawyers from Baker McKenzie and was well received by the employees. MGI's approach to anti-corruption is formalized in the company's anti-corruption and anti-bribery policy, which has been revised during 2021.

Furthermore, the company has published its Annual Report 2021 for the first time according to the GRI standards. The report also includes the Sustainability Report and the Governance Report for the reporting period for the first time. The Sustainability Report provides detailed information on developments in the area of sustainability based on the GRI standards. The report focuses on the 5 core areas on which the company's efforts are concentrated, as they have been identified as the material influencing factors. The five priorities are: Diversity and fair play in our products and services, Privacy and security, Great team and inspiring workplace, Working for a greener future, Corporate governance.

7.5 Outlook

While in 2020 the Corona pandemic had a positive effect on the games market and a negative effect on the media market, this normalized again in 2021, despite the ongoing pandemic.

The games market has been on a steady growth trajectory in recent years. During the pandemic, the games industry experienced an exceptional boom. Based on the strong growth of 2020 -especially in Q2'20- and the re-opening of large parts of the leisure market, the analysts from Newzoo (in their Global Games Market Report 2021) expect the games market to grow at a more moderate rate for 2021. For 2022, however, they expect the market to normalize and growth rates to return to their pre-pandemic levels. Translated into concrete numbers, this means an expected annual growth rate of 7.8% between 2021 and 2023. During the same period, the total player base is expected to grow on average by 4.3% to 3.2 billion players globally generating more than 200 billion USD in revenues per annum. Another positive news is the fact that the player base is expected to grow across all demographics in the age bracket of 13 to 84 years. Similarly, in-game advertising is also growing at high rates based on the increasing number of players and, hence, reach of the advertisers. Global mobile ad spend amounts to USD 295bn in 2021.[15] In 2022, it is expected to increase to USD 350bn, representing a CAGR of over 22% over the last 4 years.[16] According to Statista, USD 61bn of this is expected to be in-game advertising spend in 2022, rising to USD 130bn by 2025, a CAGR of over 28%.[17] While this strong growth signals a very vital market, changes in regard to cookie policies and identifiers (such as the changes to Apple's IDFA mentioned above) put pressure on both, advertisers, and publishers as it becomes more difficult to reach the right audiences and to monetize ad spaces efficiently. Publishers with own expertise in the media space have a competitive edge here and this edge is expected to become even more valuable in the future. Based on its synergetic media and games business, MGI therefore is optimistic about the changes in the in-game advertising industry.[18]

In the Media segment the rise of privacy-first initiatives such as Apple's decision to block third-party cookies in the Safari browser in 2020, the introduction of the App-Tracking Transparency Framework on iOS in 2021, and Google's plan to get rid of the cookie by 2023, the digital marketing landscape is shifting again with disruptive implications. MGI acknowledges and embraces this constant evolution of the advertising industry: Although it represents a radical change for the industry, Verve expects an increase of trust and acceptance among advertisers, publishers and, of course, end users in the long term. After the corona-introduced revenue dip on the global digital media market is overcome, the market could already increase again significantly in 2021 and is also expected to grow between 2020

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[15] Data.ai: State of Mobile Gaming 2022, URL: https://www.data.ai/en/insights/market-data/indonesia-mobile-market-spotlight-2022/

[16] Data.ai: State of Mobile Gaming 2022, URL: https://www.data.ai/en/insights/market-data/indonesia-mobile-market-spotlight-2022/

[17] Statista: Mobile gaming advertising spending worldwide from 2020 to 2025; URL: https://www.statista.com/statistics/1240471/mobile-game-ad-spend-market-value/#:~:text=The%20worldwide%20advertising%20expenditure%20on,of%20global%20gaming%20market%20revenues

[18] Newzoo Global Games Market Report 2021, Full Version

and 2025 with a CAGR of 12.5% to a total revenue of USD 785bn in 2025 according to the industry experts of eMarketer. [19]

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:

1. adopt the going concern basis unless it is inappropriate to presume that the Group will continue in business;
2. select suitable accounting policies and apply them consistently;
3. make judgements and estimates that are reasonable and prudent;
4. account for income and charges relating to the accounting period on the accrual basis;
5. value separately the components of asset and liability items;
6. report comparative figures corresponding to those of the preceding accounting period; and
7. 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.

[19] eMarketer: Worldwide Digital Ad Spending Year-End Update, Nov 23, 2021; URL: https://content-na1.emarketer.com/worldwide-digital-ad-spending-year-end-update

8. **AUDITOR**

RSM Malta – the six largest auditor in the world - is the auditor of the financial statements of the Group for the period from 1 January to 31 December 2021. 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 29 APRIL 2022 AND SIGNED ON ITS BEHALF BY:

Remco Westermann Director	Tobias M. Weitzel Director	Elizabeth Para Director	Antonius R. Fromme Director

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of financial position

ASSETS in kEUR	Notes	2021	2020
Non-current assets			
Intangible assets	6	605,746	272,829
Goodwill		411,992	164,015
Internally-generated intangible assets		44,358	23,371
Other intangible assets		148,280	84,325
Prepayments made on other intangible assets		1,116	1,118
Property, plant and equipment	7	4,681	1,742
Investments in associated companies	9	1,154	1,094
Other non-current financial assets	10	27,369	2,065
Deferred tax assets	8	11,545	15,736
Total non-current assets		**650,495**	**293,466**
Current assets			
Trade receivables	11	97,497	37,009
Other receivables		5,945	9,113
Current receivables from income tax	34	659	132
Other current financial assets	10	945	3,823
Other current non-financial assets	12	4,341	5,158
Cash and cash equivalents	13	180,156	46,254
Total current assets		**283,598**	**92,376**
Total shareholders' assets		**934,093**	**385,842**

Note: Numbers may not add up due to rounding.

EQUITY & LIABILITIES in kEUR	Notes	2021	2020
Shareholders' equity	15		
Common stock		149,680	117,074
Share premium		84,570	7,839
Capital reserves		53,142	49,466
Other reserves		-5,749	0
Difference from currency translation		4,112	-3,211
Accumulated retained earnings		21,679	5,617
Equity attributable to shareholders of the parent company		**307,434**	**176,785**
Non-controlling interest		59	60
Total shareholders' equity		**307,493**	**176,845**
Non-current liabilities			
Bonds	19	343,925	95,355
Liabilities to related parties	16	0	2,500
Other non-current financial liabilities	16	16,034	9,171
Deferred tax liabilities	21	23,209	23,766
Total non-current liabilities		**383,168**	**130,792**
Current liabilities			
Current provisions and accruals	22	54,036	17,257
Liabilities due to banks	16	32,027	6,089
Trade payables	23	53,754	30,037
Other current financial liabilities	16	83,568	12,897
Other non-financial liabilities	17	20,048	11,924
Total current liabilities		**243,432**	**78,204**
Total shareholders' equity and liabilities		**934,093**	**385,842**

Note: Numbers may not add up due to rounding.

These financial statements as set out on pages 137 to 215 was approved by the Board of Directors, authorised for issue on 29 April 2022 and signed on its behalf by:

Remco Westermann	Tobias M. Weitzel	Elizabeth Para	Antonius R. Fromme
Director	Director	Director	Director

Consolidated Statement of profit or loss

in kEUR	Notes	2021	2020
Revenue	26	252,166	140,220
Other own work capitalised	27	22,851	15,994
Other operating income	28	8,626	6,272
Purchased services	29	- 137,968	-77,620
Employee benefits expenses	30	-55,978	-39,572
Wages and salaries		-48,637	-34,004
Social security		-7,340	-5,568
Other operating expenses	31	-24,655	-18,745
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)		**65,042**	**26,549**
Depreciation and amortisation	32	-28,238	-15,508
Earnings before interest and taxes (EBIT)		**36,804**	**11,041**
Financial expense	33	-22,824	-7,490
Financial income	33	905	350
Earnings before taxes (EBT)		**14,886**	**3,901**
Income taxes	34	1,169	-1,194
Result from continuing operations, net of income tax		**16,055**	**2,707**
Attributable to:			
Owners of the Company		16,061	3,059
Non-controlling interest		-7	-352
Earnings per share	35		
Undiluted		0.11	0.04
Diluted		0.11	0.03

Note: Numbers may not add up due to rounding.

Consolidated Statement of comprehensive income

in kEUR	Notes	2021	2020
Consolidated profit		**16,055**	**2,707**
Items that will be reclassified subsequently to profit or loss under certain conditions:			
Exchange differences on translating foreign operations		7,322	-3,739
Loss of financial assets		-2,141	0
Gain of hedging instruments		0	237
Other comprehensive income, net of income tax		**5,181**	**-3,502**
Total comprehensive income		**21,236**	**-795**
Attributable to:			
Owners of the Company		**21,242**	**-515**
Non-controlling interest		**-7**	**-280**

Note: Numbers may not add up due to rounding.

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 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			82,171	-67,294	14,877
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**
Balance at 1 January 2021	**117,074**	**117,074**	**7,839**	**49,466**	**5,617**	**-3,211**	**176,785**	**60**	**176,845**
Consolidated profit					16,061		16,061	-7	16,055
Other comprehensive income						5,181	5,181	6	5,187
Total comprehensive income					**21,678**	**1,970**	**198,028**	**60**	**198,087**
Capital increases	32,606	32,606	76,732				109,338		109,338
Other Equity reserves regarding IFRS 2				3,675			3,675		3,675
Other Equity reserves						-3,607	-3,607		-3,607
Balance at 31 December 2021	**149,680**	**149,680**	**84,571**	**53,141**	**21,678**	**-1,637**	**307,434**	**59**	**307,493**

Note: Numbers may not add up due to rounding.

Consolidated Statement of cash flows

in kEUR	Note	FY 2021	FY 2020
Consolidated profit for the year		16,055	2,707
+ Depreciation, amortization and write-downs of intangible assets, tangible assets and financial assets		28,238	15,508
+ Other non-cash expenses		1,165	4,072
+/- Booked income taxes		1,939	1,194
+/- Booked financial expenses		1,983	7,140
-/+ Income taxes paid/received		-425	-1,082
-/+ Interest paid/received		21,600	207
Cash flow from operating activities (before change in WC)		**70,556**	**29,746**
Change in working capital		-5,714	-4,543
Cash flow from operating activities		**64,842**	**25,203**
- Payments made for investments in intangible assets		-34,561	-17,380
- Payments made for investments in tangible assets		-5,283	-1,718
- Payments for acquisitions of equity instruments		-26,474	0
+ Deposits for the acquisition of business units		15,033	4,321
+ Deposits for the sale of business units		0	0
- Payments made for the acquisition of business units		-244,349	-22,930
Cash flow from investing activities		**-295,634**	**-37,707**
+ Proceeds from issuing equity instruments of the company		109,338	26,876
- Payments for the acquisition of non-controlling interest		0	-17,840
+ Deposit from borrowing		33,230	2,525
- Payments made for the repayment of financial loans		0	-3,945
+ Deposits from the issue of bonds		272,797	79,615
- Payments made for the repayment of bonds		-25,750	-51,938
+/- Change in currency reserve and hedging instruments		-2,861	-3,502
- Interest paid		-22,059	-6,017
Cash flow from financing activities		**364,694**	**25,774**
Changes in cash and cash equivalents		133,902	13,270
Cash and cash equivalents at the beginning of the period		46,254	32,984
Cash and cash equivalents at the end of the period	13	**180,156**	**46,254**

Note: Numbers may not add up due to rounding.

NOTES

CONTENT OF NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Media and Games Invest SE ("MGI", "the Company" or "the Parent Company, formerly Media and Games Invest plc) is a public company registered in accordance with the corporate law of the European Union (EU) originally incorporated on 21 March 2011 and changed to SE effective from 25 May 2021 in Malta with registration number SE15 and registered office address at 168 St. Christopher Street, Valletta, VLT1467, Malta. As of 31 December 2021, Bodhivas GmbH, Duesseldorf, owns 27.8% of MGI.

The Company's shares are listed in the Scale Segment of Frankfurt Stock Exchange (XETRA) in Germany and on NASDAQ First North Premier Growth Market in Sweden. The Company has a senior secured bond that is listed on regulated market of NASDAQ Stockholm. The senior secured bond was issued on 13 November 2020 with an amount of EUR 80 million and a framework of EUR 350 million. MGI has successfully placed a few subsequent bond issues in 2021 and achieved the EUR 350 million on 2 September 2021. In 2020, MGI had a public bond listed in the Scale Segment of the Frankfurt Stock Exchange with an amount of EUR 25 million which was repaid ahead of schedule in October 2021.

MGI is a strategic investment holding company focusing on a 'Buy, Integrate, Build and Improve' strategy through organic growth and acquisitions, with main operational presence in North America and Europe. 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 Games services and advertising/media services. In its Games segment, the Group publishes games and currently offers more than 10 massively multiplayer online games and more than 5,000 casual / mobile games and +100m registered gamers while in the Media segment, the Group offers services covering the entire value chain of programmatic advertising and currently delivers +411bn ads yearly and serves +5,000 advertisers. The two segments realize synergy opportunities for example through efficient user acquisition with gamigo's existing Games business.

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 2021

The following new and amended IFRSs are required to be applied for the first time in the financial year beginning on 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19 Related Rent Concessions (Amendment to IFRS 16)

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 2021, 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***
COVID-19 Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16)	01/04/2021	No 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

2.4. CONSOLIDATION

2.4.1. 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.

e) *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.

f) *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 financial reporting 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.

2.4.2. Scope of consolidation

The scope of consolidation as of 31 December 2021 comprises the following:

Fully consolidated subsidiaries	**Registered office**	**Capital share 2021 in %**	**Capital share 2020 in %**
Media and Games Invest SE (formerly 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	Düsseldorf, Germany	100%	100%
Vajrapani Ltd.	Valletta, Malta	100%	100%
Persogold GmbH	Hamburg, Germany	100%	100%
ReachHero GmbH	Berlin, Germany	100%	100%
Verve Group Holding GmbH (formerly ME mobile GmbH)	Berlin, Germany	100%	100%
Verve Group Holding GmbH itself holds the following ownership interest in the following companies:			
Verve Group Europe GmbH	Berlin, Germany	100%	100%
Verve Group China WFOE (formerly PubNative China WFOE)	Shanghai, China	100%	99%
Verve Group K. K. (formerly AppLift Japan K. K.)	Tokyo, Japan	100%	100%
VERVE GROUP LATAM Veiculaçao de Publicidade na Internet LTDA. (Verve Group Latam) (formerly AppLift Brazil Limitada)	Sao Paulo, Brazil	100%	99%
Match2One AB	Stockholm, Sweden	100%	-
AppLift India Technologies Private Ltd.	Bangalore, India	100%	99.99%
Shanghai Yi Qiu Business Management Co. Ltd.	Shanghai, China	99.99%	-
Shanghai Yi Qiu Business Management Co. Ltd. itself holds the following ownership interest in the following company:			
Smaato Holding GmbH	Hamburg, Germany	100%	-
Shanghai Yi Qiu Business Management Co. Ltd. and Smaato Holding GmbH themselves hold the following ownership interest in the following company:			
Smaato Inc.	San Francisco, CA, USA	100%	-
Smaato Inc. itself holds the following ownership interest in the following companies:			
Smaato Pte. Ltd.	Singapore, Singapore	100%	-
Smaato Pte. Ltd. itself holds the following ownership interest in the following company:			
Yu Guang Information Technologies (Shanghai) Co. Ltd.	Shanghai, China	100%	-
gamigo AG	Hamburg, Germany	99.96%	99.88%

gamigo AG itself holds the following ownership interest in the following companies:			
Aeria Games GmbH	Berlin, Germany	100%	100%
Aeria Games GmbH itself holds the following ownership interest in the following companies:			
adspree media GmbH	Berlin, Germany	100%	100%
gamigo Advertising GmbH	Hamburg, Germany	100%	100%
gamigo Advertising GmbH itself holds the following ownership interest in the following companies:			
Just Digital GmbH	Berlin, 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 Networks GmbH	Cologne, Germany	100%	100%
Mediakraft Turkey Yayin Hizmetleri A.S.	Istanbul, Turkey	100%	100%
Verve Group Inc.	Carlsbad, CA, USA	100%	-
VGI CTV Inc.	Lewes, DE, USA	100%	-
Kings Holding Inc.	Austin, TX, USA	100%	-
Kings Holding Inc. itself holds the following ownership interest in the following company:			
KingsIsle Entertainment Incorporated	Austin, TX, USA	100%	-
Verve DSP B.V. (formerly Platform 161 Holding B.V.)	Amsterdam, Netherlands	100%	100%
Verve DSP B.V. itself holds the following ownership interest in the following companies:			
Platform 161 Nordics AB	Stockholm, Sweden	100%	100%
Platform 161 LLC	New York, NY, USA	100%	100%
ME digital GmbH	Berlin, Germany	100%	100%
ME digital GmbH itself holds the following ownership interest in the following companies:			
iLove GmbH	Berlin, Germany	100%	100%
Vene International GmbH	Berlin, Germany	100%	100%
MHF Media GmbH	Berlin, Germany	100%	100%
Lorena Medienagentur GmbH	Berlin, Germany	100%	100%
Lorena Medienagentur GmbH itself holds the following ownership interest in the following companies:			
ME Media USA Inc. (formerly AppLift Inc.)	DE, USA	100%	100%

Smaato Inc. holds 38% of PT Portal Bursa Digital. This investment in associated companies is consolidated using the equity method.

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

Company	Registered office	Capital share % 31/12/2021	Capital share % 31/12/2020
highdigit GmbH	Münster, Germany	100%	100%
gamigo CA Inc.	Brunswick, Canada	100%	100%

The following companies have been deconsolidated in the financial year 2021:

AppLift Asia Pacific Inc.	Seoul, Korea
AppLift Shanghai Ltd.	Shanghai, China
Sure Yield Inc. Ltd.	Kowloon, Hong Kong
ClickDistrict Spain SL	Madrid, Spain
Avocado Digital GmbH	Berlin, Germany
Verve Group K. K. (formerly AppLift Japan K. K.)	Tokyo, Japan
iLove GmbH	Berlin, Germany
Media Elements digital España SLU (formerly freenet digital ES SL)	Barcelona, Spain

Platform 161 B.V., Amsterdam, Netherlands, was merged with Verve DSP B.V. (formerly Platform 161 Holding BV) in 2021.

2.5. 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.

2.6. 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 of the reporting period, monetary items in foreign currency are converted using the current exchange rate on the financial reporting 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 statement of comprehensive income. 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 financial reporting 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	
	2021	2020	2021	2020
US dollar (USD)	1.1326	1.2271	1.1835	1.14128
Turkish lira (TRY)	15.2335	9.1131	10.4564	8.044
Polish zloty (PLN)	-	-	-	4.44318
Korean won (KRW)	1,346	1,336	1,354	1,345
Brazil real (BRL)	6.3101	6.374	6.38073	5.89
India rupee (INR)	84.2292	89.661	87.48305	84.58
Chinese yuan (CNY)	7.1947	8.023	7.63389	7.871
Japanese yen (JPY)	130.38	126.49	129.855	121.775
Swiss franc (CHF)	1.0331	1.08	1.0814	1.07
Singapore dollar (SGD)	1.5279	-	1.23645	-
Swedish crowns (SEK)	10.2503	-	10.14444	-

2.7. 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. Revenue is also shown as deferred revenue due to the fact that revenue is realized in upcoming periods, but the company already received the payment.

2.8. 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.

2.8.1. 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.

2.8.2. 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 verified 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.

2.9. 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); and
- 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.

2.10. 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 2021 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.

2.11. 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 lives 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.

2.12. 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 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.

2.13. 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 statement of comprehensive income 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 financial reporting 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.

2.14. 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.

2.15. 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.

2.16. 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 financial reporting date. Share-option programs for key-employees are recognised as non-current employee benefits. Based on the evaluation by Ernst&Young Advisory in accordance with IFRS 2 it could be recognised as equity-settled share-based payment transaction.

2.17. 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.

2.18. 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.

2.19. 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 cash flows 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 cash flows after modification should be recognised in profit or loss as the modification gain or loss within other income.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.20. CONTINGENT LIABILITIES

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 2021 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 UNCERTAINTIES 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.

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.

a) 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 44,358 in the consolidated statement of financial position as of 31 December 2021 (2020: kEUR 23,371).

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.

b) 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 411,992 as of 31 December 2021 (2020: kEUR 164,015). In 2021 and 2020, there was no risk of loss and therefore no impairment requirement.

c) Tax related provisions

As of 31 December 2021 there are tax related provisions amounting to kEUR 5,768 which mainly relate to the executive board's assessment of uncertain tax items depending on the interpretation of tax legislation and expectation of tax. 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.

d) Deferred tax assets on tax loss carry forwards

Income tax is to be estimated for each individual tax jurisdiction in which the Group operates. 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 117,553 (2020: kEUR 60,542) and kEUR 92,558 (2020: kEUR 52,504), respectively, as at 31 December 2021, 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 losses may be carried forward for an indefinite period.

e) 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 KingsIsle Entertainment, Smaato and Match2One, and the acquisition of assets of VGI CTV Inc., 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 4 January 2021, 29 January 2021 and 1 October 2021, the market value of the contingent consideration to be paid in the future was required to be determined under IFRS 3 ‘Business Combinations’.

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

f) *Revenue Recognition under IFRS 15*

Media: Revenue recognition is based on the assumption that each individual ad is a distinct, separable performance obligation that cannot be recognized over time because it is satisfied at a point in time. So revenue is recognized at a point in time to align with the satisfaction of the performance obligation, not over time. Regarding the existing agreements, the Company assumes that an allocation of the transaction price is not needed.

Games: Judgement is used for the recognition of revenue for certain games – the user lifetime is determined and applied to record the relevant portion of the payments received.

3. ACQUISITION OF SUBSIDIARIES

3.1. ACQUISITION OF MATERIAL ASSETS OF LKQD

On 4 January 2021 Media and Games Invest Group acquired Nexstar Inc.'s digital video advertising technology platform, formerly known as LKQD (now rebranded to VGI CTV). The digital video platform reaches over 200 million unique monthly users in the US across desktop, mobile, in-app, and connected TV devices. It adds to MGI's Media segment with sophisticated video advertising capabilities as the segment scales its business following other acquisitions in the last years, including ME Mobile, Verve Group Europe and Platform161.

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 LKQD. The share deal of LKQD 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 valuation date 4 January 2021. For the purchase price allocation (PPA), the management provided EY a business plan of LKQD 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 valuation of Demand partners of the platform amounted to kUSD 194, the valuation of Supplier contracts amounted to kUSD 214, and the valuation of the Technology Platform of LKQD amounted to kUSD 630. Overall, intangible assets valued kUSD 1,038 were identified.

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

in kUSD	
Identifiable intangible assets	5,736
Property, plant and equipment	24
Total identifiable net assets at fair value	**5,760**
Total consideration	
Fulfilled by:	
Consideration transferred including loans	5,760
Cash received	0
Total consideration transferred	5,760

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 transferred is higher than the fair value of net assets acquired, this difference is accounted for as goodwill. Goodwill recognized from the acquisition of LKQD amounted to kUSD 4,698. The transaction was performed on a cash and debt free basis. The purchase price of LKQD was kUSD 5,760.

3.2. ACQUISITION OF KINGSISLE ENTERTAINMENT INC.

On 29 January 2021, MGI acquired KingsIsle Entertainment Inc. ("KingsIsle"), a leading game developer and publisher, based in Austin, Texas, USA, via Kings Holding Inc, including the fully owned Massive-Multiplayer-Games Wizard101 and Pirate101. The parties have agreed in the SPA to a fixed undiscounted cash consideration 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 were subscribed 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.

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 KingsIsle. The share deal of KingsIsle 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 valuation date 1 January 2021. For the purchase price allocation (PPA), the management provided EY a business plan of KingsIsle 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-related intangible assets amounted to kUSD 5,252, Game IP amounted to kUSD 40,107 and with a historical development cost approach EY measured the identified technology platform with kUSD 381.

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

in kUSD	
Identifiable intangible assets	187,699
Property, plant and equipment	749
Current assets	2,427
Current liabilities and provisions	-25,051
Non-current liabilities	-24,450
Deferred tax liabilities	-369
Total identifiable net assets at fair value	**141,005**
Total consideration	
Fulfilled by:	
Consideration transferred including loans	178,324
Book value of net assets	15,512
Cash received	21,807
Net consideration transferred	141,005

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 transferred is higher than the fair value of net assets acquired, this difference is accounted for as goodwill. Goodwill recognized from the acquisition of KingsIsle amounted to kUSD 141,959. The trade receivables and received cash have a book value of kUSD 23,425. The purchase price of KingsIsle was kUSD 178,324.

3.3. ACQUISITION OF SMAATO GROUP

Media and Games Invest Group acquired on 1 September 2021, through its subsidiary ME Mobile GmbH, 99.99% of voting equity interest of the leading digital advertising platform Smaato. Smaato, based in San Francisco and Hamburg, operates a leading mobile first digital Advertising Technology Platform. Smaato offers its services to publishers on a software-as-a-service (‘SaaS’) basis. With expected revenues as of the acquisition date of EUR 39 million in 2021, which represents app. 20% organic growth versus 2020, and an expected adj. EBITDA of EUR 13 million in 2021 (a 33% EBITDA margin), the company is showing a very positive development. Via its platform Smaato reaches over 1.3 billion unique users worldwide every month which will substantially increase the reach of MGI's media segment Verve Group.

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 Smaato. The share deal of Smaato 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 valuation date 1 September 2021. For the purchase price allocation (PPA), the management provided EY a business plan of Smaato 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 supplier and vendor contracts intangible assets amounted to kUSD 31,363 and with a historical development cost approach EY measured the identified technology platform with kUSD 6,775.

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

in kUSD	
Identifiable intangible assets	161,022
Property, plant and equipment	332
Current assets	32,861
Other non-current assets	462
Current liabilities and provisions	-49,892
Deferred tax liabilities	-7,988
Total identifiable net assets at fair value	**136,797**
Total consideration	
Fulfilled by:	
Consideration transferred including loans	154,000
Cash received	17,203
Net consideration transferred	136,797

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 transferred is higher than the fair value of net assets acquired, this difference is accounted for as goodwill. Goodwill recognized from the acquisition of Smaato amounted to kUSD 122,872. The trade receivables and received cash have a book value of kUSD 48,752. The purchase price of Smaato was kUSD 154,000.

3.4. ACQUISITION OF MATCH2ONE

MGI acquired Match2One, with first consolidation as of 1 October 2021, a fast-growing self-serve programmatic demand side platform with a technically advanced user interface and focus on e-commerce and SME's. Match2One founded in 2015, and is based in Stockholm, Sweden has a team of approximately 25 employees. Over the years, the company has developed a very easy to use self-serve e-commerce platform for small and medium sized enterprises ("SME"). The Match2One platform is accretive to Verve's programmatic vertical full stack offering, adding a demand side platform for SME's to the technology stack. While Match2One, due to its limited financial resources, has only launched its platform in a few countries, Verve will, after integrating the Match2One platform into its existing offering, further internationalize the platform and push partner acquisitions forward.

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 Match2One The share deal of Match2One 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 valuation date 1 October 2021. For the purchase price allocation (PPA), the management provided EY a business plan of Match2One 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 with a historical development cost approach EY measured the identified technology platform with kEUR 1,505.

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

in kEUR	
Identifiable intangible assets	11,149
Property, plant and equipment	9
Non-current assets	48
Current assets	162
Current liabilities and provisions	-1,843
Other non-current financial liabilities	-1,818
Deferred tax liabilities	-158
Total identifiable net assets at fair value	**7,548**
Total consideration	
Fulfilled by:	
Consideration transferred including loans	8,064
Cash received	516
Net consideration transferred	7,548

In accordance with IFRS 3 Business Combinations, an acquiring entity shall allocate the cost of the acquired assets and liabilities based on their fair values of all assets and liabilities as of acquisition date. If the consideration transferred is higher than the fair value of net assets acquired, this difference is accounted for as goodwill. Goodwill recognized from the acquisition of Match2One amounted to kEUR 9,644. The trade receivables and received cash have a book value of kEUR 643. The purchase price of Match2One was kEUR 8,064.

4. INTERESTS IN SUBSIDIARIES (NCI)

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:

			Parent		direct non-controlling interest	
Name	Country of incorporation	Principal activities	Ownership interest 2021 %	Ownership interest 2020 %	Ownership interest 2021 %	Ownership interest 2020 %
gamigo AG	Germany	Online Games	99.96	99.88	0.04	0.12
Shanghai Yi Qiu Business Management Co. Ltd.	China	Media	99.999	-	0.0001	-

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 Games 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 Games 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 Games 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 Games 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.

Synergies are boosted on the sales side at Verve Group, such as servicing Platform 161 customers through Verve Group Europe supply. In 2019 Media and Games Invest starts to conquer the mobile advertising market with acquisitions of ME mobile GmbH and Verve Group Europe 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.

b) *Segment revenues and segment results*

	GAMES 31-Dec-21 kEUR	MEDIA 31-Dec-21 kEUR	MGI GROUP 31-Dec-21 kEUR
Net revenues	**112,607**	**139,559**	**252,166**
EBITDA (without corporate expenses)	**39,194**	**25,848**	**65,042**
Depreciation and amortization			-28,238
Financing income			905
Financing expenses			-22,824
Earnings before taxes (EBT)			**14,886**
Income taxes			1,169
Net result from operations			**16,055**

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 Games 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-21 in kEUR	31-Dec-20 in kEUR
GAMES	575,304	290,476
MEDIA	358,790	95,366
Total segment assets	**934,093**	**385,842**
Consolidated total segment assets	**934,093**	**385,842**

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 2021, 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 2021. 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-21	31-Dec-20
Internally generated intangible assets	44,358	23,371
Other intangible assets	148,280	84,325
Advance payments on intangible assets	1,116	1,118
Goodwill	411,992	164,015
Total	**605,746**	**272,829**

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 2021	**23,371**	**84,325**	**1,118**	**164,015**	**272,829**
Acquisition through business combination	0	72,340	0	235,387	307,727
Additions	41,078	3,437	0	0	44,515
Reclassification	4,668	-4,668	0	0	0
Amortisation	-12,098	-11,964	0	0	-24,062
Effects from currency valuation	1,409	5,598	-2	12,590	19,595
Disposals	-14,070	-788	0	0	-14,858
Balance as of 31 Dec 2021	**44,358**	**148,280**	**1,116**	**411,992**	**605,746**

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

in kEUR	31-Dec-21	31-Dec-20
GAMES	241,500	113,704
MEDIA	170,491	50,311
Total Goodwill	411,992	164,015

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 Games and Media, as this corresponds to the approach of the internal control of the Group. The cash-generating units consist of the Games 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 2021 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 Games segment and 8.2% 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 2021.

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-21	31-Dec-20
Property, plant and equipment	4,681	1,742

The development of book values was as follows:

in kEUR	
Balance at 31 December 2020	**1,742**
Additions	6,187
Acquisitions through business combination	927
Depreciation	-4,159
Disposals	-16
Balance at 31 December 2021	**4,681**

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 in accordance with 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 applied.

Deferred tax assets in the amount of kEUR 35,089 (2020: kEUR 21,937) relate to the probable future utilisation of tax loss carry forwards and in the amount of kEUR 271 (2020: kEUR 1,456) to timing differences that have emerged between the carrying amounts of intangible assets and their tax base within the framework of the initial consolidation of companies acquired. Deferred tax assets of kEUR 992 (2020: kEUR 476) are due to the timing differences of leases in accordance with IFRS 16. Deferred tax assets of kEUR 2,047 (2020: kEUR 0) relate to deferred recognition of revenues and of EUR 1,901 (2020: kEUR 0) are due to timing differences regarding the tax deductibility of provisions.

Deferred tax assets and liabilities were netted for identical tax subjects, resulting in total deferred tax assets of kEUR 11,545 (2020: kEUR 15,736). Further explanations on the deferred taxes can be found in Note 21 Deferred tax liabilities and Note 34 Income taxes.

9. INVESTMENTS IN ASSOCIATED COMPANIES

As at 31 December 2021, the Group shows kEUR 1,154 (2020: kEUR 1,094) in this position. They are mainly relating to an investment in an Indonesian Joint Venture and a German-based GmbH.

Refer to Note 2.5 for the accounting policy on investments in associated companies.

10. FINANCIAL ASSETS

As at 31 December 2021, the Group discloses other non-current financial assets of kEUR 27,369 (2020: kEUR 2,065) and other current financial assets of kEUR 945 (2020: kEUR 3,823).

The Group invested kEUR 24,333 in shares of Enad Global 7 Group, a Swedish listed Games company and holding 8.3% of the total shares of the Enad7 Group. MGI decided to build a long-term cooperation for the MMO Games Unit. Subsequent changes of the fair value of this investment in an equity instrument will be presented in other comprehensive income. The current financial assets (mainly receivables due from employees and other parties as well as security deposits) are measured at amortised cost.

Refer to Note 18 for additional information on financial instruments.

11. 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:

in kEUR	Carrying amount (not due)	past due 1 – 30 days	31 – 180 days	More than 180 days	Book values
31-Dec-21	73,467	18,318	5,516	195	97,497
31-Dec-20	31,687	3,099	1,501	722	37,009

The Group has recognised a loss of kEUR 1,097 (2020: kEUR 2,090) in profit or loss statement at Media segment in respect of the expected credit losses for the year ended 31 December 2021. 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 2021 and rates have increased in each category up to 6 months overdue.

12. OTHER CURRENT NON-FINANCIAL ASSETS

The following positions are included:

in kEUR	31-Dec-21	31-Dec-20
Prepaid expenses and deferred charges	2,731	2,103
VAT receivables	966	1,072
Other non-financial receivables	644	1,983
Total	**4,341**	**5,158**

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to kEUR 180,156 as of 31 December 2021 (2020: kEUR 46,254).

14. NON-CASH TRANSACTIONS

Significant non-cash transactions result from the application of IFRS 16, share-based payments and the contingent consideration for the acquisition of shares in KingsIsle Entertainment Inc.

15. SHAREHOLDERS' EQUITY

The Company has an authorised capital of 320,000,000 ordinary shares as of 31 December 2021 with a nominal value of EUR 1.00 for 300,000,000 ordinary A-shares and a nominal value of EUR 0.10 for 20,000,000 ordinary B-shares. As of 31 December 2021, 149,679,980 ordinary A-shares (2020: 117,073,507) were issued and fully paid.

	Number of shares		Common stock		Share premium	
in kEUR/thousand shares	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Issued and fully paid-in capital: ordinary shares of par value EUR 1.00	149,680	117,074	149,680	117,074	84,570	7,839

Each ordinary A-share has the right to (i) receive notice of, attend, speak, and vote at general meetings of the Company and has ten (10) votes; (ii) participate in a distribution of profits or assets of the Company, including in a winding up of the Company, pro rata with all other shareholders of the Company based solely on number of shares held and irrespective of the class and nominal value of shares held; and (iii) a repayment of capital in a winding up of the Company.

Each Ordinary B-share has the right to (i) receive notice of, attend, speak, and vote at general meetings of the Company and shall have one (1) vote; (ii) participate in a distribution of profits or assets of the Company, including in a winding up of the Company, pro rata with all other shareholders of the Company based solely on number of shares held and irrespective of the class and nominal value of shares held; and (iii) a repayment of capital in a winding up of the Company. Save as otherwise provided above and as specifically set out in the Articles of Association of the Company, all the shares in the Company shall rank pari passu in all respects including, inter alia, in respect of dividend distributions.

During the year ended 31 December 2021, the parent company increased its number of shares by 32,606,473 to 149,679,980. The premium associated with the capital increase amounted to kEUR 76,731 in 2021 which resulted in the increase of the share premium by the same amount. The transaction costs accounted for as a deduction from equity amounted to kEUR 4,564. MGI has an obligation against Bodhivas GmbH up to 15,000,000 A shares for EUR 2.60 per share. Whereas Bodhivas GmbH has taken an obligation to issue phantom shares only to selected key employees of MGI for a strike price of EUR 1.30 up to 120% of the share price at the moment.

Equity-settled share-based payment transactions

Media and Games Invest issued two different employee share option plans (ESOP). The first one was signed on 20 May 2020 and represents an uncapped agreement with the exercise period starting on 1 July 2024 and ending on 1 July 2030. On 11 January 2021, the MGI board decided to launch a second ESOP program and to allow for the issuance of up to 15 million new MGI shares, earliest from 1 May 2025 and latest till 1 July 2030 via an option at a strike price of Euro 2.60 per share. Ernst & Young GmbH (EY) as BIG4 advisor classified the phantom share program as an equity-settled share-based payment transaction to employees for service. The equity instruments do not 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 2021.

In accordance with IFRS 2, a Monte-Carlo Simulation was used for the valuation to determine the discount expected payout. 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 3,675 as of 31 December 2021. The amount is recognised as bonus expense in the consolidated statement of profit or loss with reference to Note 30 Employee benefits expense.

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.

16. FINANCIAL LIABILITIES

The financial liabilities are divided into the following classes:

in kEUR	31-Dec-21	31-Dec-20
Lease liabilities (current)	992	1,367
Lease liabilities (non-current)	2,457	249
Bonds (non-current)	343,925	95,355
Interest on bonds (current)	1,983	632
Contingent consideration (current)	80,250	4,466
Other financial liabilities (current)	32,370	12,522
Other financial liabilities (non-current):		
Liabilities due to related parties	0	2,500
Contingent consideration	12,777	0
Remaining liabilities	800	8,922
Total	**475,554**	**126,013**

Regarding the bonds, please refer to Note 19. In 2021 Media and Games Invest Group signed a EUR 30 million unsecured RCF (Revolving Credit Facility) with UniCredit Bank for an interest rate of 3.875% p.a. While the reduced interest rate reflects a new strike zone for MGI, the fact that the RCF is unsecured underscores MGI's high credit worthiness. The unsecured RCF is reflected in the Other financial liabilities (current).

	Liabilities			Equity				
	Other loan and borrowings	Bond	Lease Liabilities	Share capital/ premium	Reserves	Retained Earnings	NCI	**Total**
Balance at 1 January 2021	29,042	95,355	1,616	124,913	49,466	2,406	60	302,858
Changes from financing cash flows								
Proceeds from issue of share capital				109,338				109,338
Proceeds from issue of bond		272,797						272,797
Proceeds from loans and borrowings	36,876		-3,646					33,230
Repayments of debt		-25,750						-25,750
Interest paid	-21,946		-113					-22,059
Total changes from financing cash flows	**14,930**	**247,047**	**-3,759**	**109,338**	**0**	**0**	**0**	**367,556**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**88,321**							**88,321**
Changes in fair value					**-2,141**			**-2,141**
Other changes								
New leases			5,479					5,479
Interest expense	21,188	1,523	113					22,824
Other changes	-25,301				68	23,384	-1	-1,850
Total liability-related other changes	**-4,113**	**1,523**	**5,592**					**3,002**
Total equity-related other changes					**68**	**23,384**	**-1**	**23,451**
Balance at 31 December 2021	128,180	343,925	3,449	234,250	47,393	25,791	59	783,047

The development of financial liabilities as at 31 December 2021 is as follows:

in kEUR	31-Dec-20	Additions / Proceeds	Reclassification	Payment	Interest accretion	31-Dec-21
Lease liabilities (current)	1,367	3,049	249	-3,759	85	992
Lease liabilities (non-current)	249	2,430	-249	0	28	2,457
Bonds (non-current)	95,355	272,797	0	-25,750	1,523	343,925
Interest on bonds (current)	632	15,279	0	-13,928	0	1,983
Other financial liabilities (current)	12,522	30,181	-240	-10,093	0	32,370
Contingent consideration	4,466	80,010	-4,226	0	0	80,250
Other financial liabilities (non-current):						
Liabilities due to related parties	2,500	0	0	-2,500	0	0
Contingent consideration	0	8,311	4,466	0	0	12,777
Remaining liabilities	8,922	0	0	-8,123	0	800
Total	126,013	412,057	0	-64,152	1,636	475,554

The maturity analysis of the financial liabilities as at 31 December 2021 is as follows:

in kEUR	up to 1 year	1 to 5 years
Lease liabilities	992	2,457
Bonds	0	343,925
Interest on bonds	1,983	0
Contingent consideration	80,250	12,777
Other financial liabilities	32,370	800
Total	**115,595**	**359,959**

The weighted average effective interest rate is as follows:

in %	31-Dec-21	31-Dec-20
Bank loans	3.0	2.75
Loans from related parties	n/a	4.0
Other loans	4.2	9.5
Bonds	5.9	6.1

Analysis of financial liabilities by currency as at 31 December 2021:

in kEUR	in EUR	in USD	Other currencies	Total
Lease liabilities	1,641	1,578	230	3,449
Bonds (non-current)	343,925			343,925
Interest on bonds (current)	1,983			1,983
Contigent consideration (current)	14,683	65,566		80,250
Other financial liabilities (current)	32,111		259	32,370
Other financial liabilities (non-current):				
Contingent consideration (non-current)	11,603	1,174		12,777
Remaining liabilities	800			800
Total	**406,747**	**68,318**	**489**	**475,554**

Analysis of 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**

17. OTHER NON-FINANCIAL LIABILITIES - CURRENT

The other non-financial liabilities include:

in kEUR	31-Dec-21	31-Dec-20
Liabilities from taxes	6,355	5,856
Liabilities to employees and social securities	1,970	1,384
Miscellaneous other liabilities	1,617	1,937
Deferred income	10,106	2,747
	20,048	**11,924**

18. REPORTING ON FINANCIAL INSTRUMENTS

Classes and categories of financial instruments and their fair values

As at 31 December 2021, 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 180,156 (2020: kEUR 46,254) 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 recent acquisitions, there is a low risk recognized for currency exchange for business activity in Brazil with BRL, Sweden with SEK and China with CNY.

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 euro 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.

19. BOND

On 27 November 2020, Media and Games Invest SE issued a Senior Secured Floating Rate Callable Bond (ISIN: SE0015194527) with an original framework of EUR 80 million. On 30 March 2021, MGI successfully placed a EUR 40 million Tap Issue. The tap issue was priced above par, at 100.75%. The additional bonds were listed under the same ISIN on Nasdaq Stockholm and Frankfurt Stock Exchange Open Market. MGI Group has successfully placed a subsequent bond issue of EUR 150 million under its existing Senior Secured Floating Rate Callable Bond on 18 June 2021 which was priced at 102% of par. As a prerequisite for the placement of the Subsequent Bond Issue, the Company received approval from existing bondholders to increase the framework of the Bond to EUR 350 million. MGI Group placed another subsequent bond issue of EUR 80 million on 2 September 2021 which was priced at 103% of par.

The interest rate consists of a nominal interest rate of 5.75% p.a. plus 3 months EURIBOR, provided that EURIBOR is greater than 0. Interest payments are quarterly with the first payment on 27 February 2021. The bond has a term until 27 November 2024 at the latest. An early repayment by the issuer is possible as a whole or in part for the first time in November 2022 at 103% of the nominal value. Other early repayment possibilities exist in November 2023 (102%) and in May 2024 (101%).

The unsecured bond loan (ISIN: DE000A2R4KF3) issued in 2019 with a total framework of EUR 25 million with an interest coupon of 7.00% p. a. was redeemed ahead of schedule at 103% of the nominal value in October 2021.

20. 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-21	Additions	Depreciation	Carrying amount 31-Dec-21
RoU from building rental	1,333	5,455	3,321	3,467
RoU from vehicle lease	58	24	44	37
	1,391	5,479	3,365	3,504

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

Maturity analysis of the lease liabilities

in kEUR	31-Dec-21	31-Dec-20
Up to 1 year	992	1,367
More than 1 year and up to 5 years	2,457	64
More than 5 years	0	0
	3,449	1,431

The implicit interest rate for the lease liabilities cannot be determined easily. Therefore, on 1 January 2021, the Group applied the weighted average value of the Group's marginal borrowing rate of 5.9% (2020: 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 113 (2020: kEUR 128). The Group has no sale and leaseback transactions.

21. DEFERRED TAX LIABILITIES

Deferred tax liabilities relate to timing differences that have emerged between the carrying amounts of intangible assets and their tax base within the framework of the initial consolidation of companies acquired amount to kEUR 37,224 (2020: kEUR 24,017), and timing differences between the carrying amount of the bond under IFRS and its tax base amount to kEUR 734 (2020: kEUR 973). Deferred tax liabilities of kEUR 13,029 (2020: kEUR 6,336) were recognised on timing differences between the carrying amount of internally generated intangible assets and the tax base and kEUR 977 (2020: kEUR 463) 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 28,755 (2020: kEUR 8,133), resulting in deferred tax liabilities in an amount of kEUR 23,209 (2020: kEUR 23,766) after netting. Further explanations on the deferred taxes can be found in Note 34 Income taxes.

22. CURRENT PROVISIONS AND ACCRUALS

Current provisions and accruals are shown in two separate tables and are amounting to kEUR 54,036, where kEUR 34,268 are classified as accruals and kEUR 19,768 are classified as provisions. Accruals are detailed in the table below:

in kEUR	31-Dec-21	31-Dec-20
Personnel-related obligations	3,040	5,040
Audit and closing costs	570	394
Tax accruals	1,460	146
Accrued operational and consulting costs	29,198	11,367
	34,268	**16,947**

The development of provisions is shown in the table below.

in kEUR	Balance as of 01-Jan-21	Addition from Business Combination	Utilisation	FX effects	Additions	Balance as of 31-Dec-21
Tax related provisions	0	5,530	0	238	0	5,768
Legal and advisory	0	2,500	0	0	0	2,500
Other provisions	311	6,500	0	0	4,689	11,500
	311	**14,530**	**0**	**238**	**4,689**	**19,768**

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 accrual is reversed accordingly and the income is posted in the area that was originally charged with the expense when the accrual was posted. Other provisions mainly include litigation obligations.

All provisions have a term of up to one year.

23. 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.

24. 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 208 for disputes due to non-payment of claims by IT service providers and other service providers; as well as in the amount of kEUR 1,267 for proceedings based on corporate transactions with former service providers of the acquired company and further procedural risks from corporate transactions.

25. OTHER FINANCIAL COMMITMENTS

Lease 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.

26. 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 2021	FY 2020
Games revenue	112,607	75,188
Media revenue (platform services)	139,559	65,032
Total	**252,166**	**140,220**

in kEUR	FY 2021	FY 2020
Proceeds from games	113,259	75,256
Effects from deferred revenue for games	-652	-68
Revenues from platform services	137,309	67,711
Effects from the deferred revenue for media	2,250	-2,679
Total revenue	**252,166**	**140,220**

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 and is mainly caused by the revenue recognition done for the online game Wizard101.

in kEUR	FY 2021	FY 2020
Receivables that are included in trade receivables and other receivables	-1,598	2,747
Contractual liabilities	9,748	1,868

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 2021 or 31 December 2020 that have an expected original term of one year or less.

27. OWN WORK CAPITALISED

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

28. OTHER OPERATING INCOME

Other operating income includes the following items:

in kEUR	FY 2021	FY 2020
Currency exchange gains	5,989	3,180
Reimbursements	543	120
Release of earn out	0	1,425
Other income	2,093	1,547
Total	**8,626**	**6,272**

Other operating income includes income from currency exchange gains, and income from subleases and rights or licenses and compensations.

29. PURCHASED SERVICES

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

30. EMPLOYEE BENEFITS EXPENSE

The employee benefits expense of the Media and Games Invest Group amounted to kEUR 55,978 (2020: kEUR 39,572).

in kEUR	FY 2021	FY 2020
Wages and Salaries	48,637	34,004
Social contributions	7,340	5,568
Total	**55,978**	**39,572**

The non-cash share-based transaction is recognised as employee benefits expense and amounted to kEUR 1,466 for 2021 (2020: kEUR 2,209). .

31. OTHER OPERATING EXPENSES

The other operating expenses include the following expenses:

in kEUR	FY 2021	FY 2020
Legal and tax advisors	6,380	1,790
Auditing fees	314	537
Consulting expenses	5,067	4,630
Rental fees	940	989
Travel expenses	396	520
Other administration fees	1,552	808
Advertising	349	165
IT and communications	4,949	2,313
Currency exchange expenses	-84	3,827
Losses of receivables (bad debt)	1,097	2,090
Other not directly attributable expenses	3,695	1,076
Total	24,655	18,745

32. 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, intangible assets of the affiliate and influencer business were written off with an amount of kEUR 788 on intangible assets. In the reporting year, no impairment loss on intangible assets or property, plant and equipment were recognised as expense, as no loss risk was identified. Licenses for games switched-off are included in the amortisation for the year.

33. FINANCIAL RESULT

The financial income and financial expenses are comprised as follows:

in kEUR	FY 2021	FY 2020
Financial income	905	350
Financial expense	-22,824	-7,489
Total	**-21,919**	**-7,139**

34. INCOME TAXES

The components of the income taxes are as follows:

in kEUR	FY 2021	FY 2020
Current income taxes	2,113	501
Deferred taxes	-3,282	693
Total income tax	**-1,169**	**1,194**

The current income taxes posted mainly comprise taxes on income in the USA and 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 13.4% to 32.5% (2020: 12.3% to 35.0%).

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 2021	FY 2020
Profit before tax	14,886	3,901
Expected income tax expense at 28.445% (2020: 28.054%)	4,234	1,094
Effects of different tax rates	-1,722	-1,339
Effects from gain of a bargain purchase / goodwill	0	1,424
Change from (non-)recognition of tax losses/credits	-4,658	0
Utilization of unrecognized tax losses	-2,170	0
Expenses and income with no tax effects	3,256	-180
Permanent deviations from deferred taxes	0	195
Tax income and expenses related to prior periods	-153	0
Other	44	0
Total income tax	**-1,169**	**1,194**
Effective tax rate	**-7.9%**	**30.6%**

The tax rate applied to the above-mentioned reconciliation corresponds to the Group’s weighted average tax rate of 28.445% (2020: 28.054%) determined by the local tax rates of the group companies weighted with their EBT.

Current income tax receivables amount to kEUR 659 (2020: kEUR 132) and current income tax accruals and provisions amount to kEUR 7,229 (2020: kEUR 6,002). Regarding income tax accruals also refer to Note 22.

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

in kEUR	FY 2021	FY 2020
Tax loss carry forwards	35,089	21,937
First-time consolidation of subsidiaries	271	1,456
Provisions	1,901	0
Deferred recognition of revenues	2,047	0
Lease contracts (IFRS 16)	992	476
Total gross deferred tax assets	**40,300**	**23,869**
Less: netting	-28,755	-8,133
Deferred tax assets	**11,545**	**15,736**

in kEUR	FY 2021	FY 2020
First-time consolidation of subsidiaries	37,224	24,017
Intangible assets	13,029	6,336
Financial instruments	734	973
Lease contracts (IFRS 16)	977	463
Other assets and liabilities	0	110
Total gross deferred tax liabilities	**51,964**	**31,899**
Less: netting	-28,755	-8,133
Deferred tax liabilities	**23,209**	**23,766**

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. In accordance with IAS 12, sufficient taxable income may also be present if reversing taxable temporary differences exist that are recognized as deferred tax liabilities.

35. EARNINGS PER SHARE

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

in kEUR	FY 2021	FY 2020
Undiluted	0.11	0.04
Diluted	0.11	0.03

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

in kEUR	FY 2021	FY 2020
Profit for the period attributable to the owners of the Company	**16,061**	**3,059**
Profit for the period used in the calculation of basic earnings per share	**16,061**	**3,059**

in thousands	FY 2021	FY 2020
Undiluted weighted average number of shares for the calculation of basic earnings per share	**141,712**	**85,498**
Diluted weighted average number of shares for the calculation of basic earnings per share	**141,712**	**95,638**

36. 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 shareholders can be considered related parties under IAS 24 Related Party Disclosures.

Remco Westermann is a member of the Board of Directors of the Company since 31 May 2018 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 27.8% of the Company and 38.1% of the voting rights as at 31 December 2021. Remco Westermann is the Managing Director of Bodhivas GmbH, Sarasvati GmbH, Garusadana GmbH, Bodhisattva GmbH and Jarimovas GmbH, Düsseldorf. Additionally, Hendrika Westermann (wife of Remco Westermann) and Jaap Westermann (brother of Remco Westermann) are Managing Directors of Jarimovas GmbH, Düsseldorf. Jaap Westermann holds 10% of Sarvasati GmbH and is 100% Shareholder and Director of Rheingold Immobilien GmbH, Düsseldorf.

The financial liabilities included liabilities to Jarimovas GmbH, Düsseldorf, in the amount of kEUR 0 (2020: kEUR 2,500). The company has a receivable of kEUR 954 against Bodhivas GmbH. Furthermore, Bodhivas GmbH acquired Senior Secured Bonds of MGI (ISIN: SE0015194527) in the first half year 2021. The total nominal value amounted to kEUR 2,000. For Garusadana GmbH, an amount of kEUR 482 is included in consulting fees for services provided.

Tobias M. Weitzel is a member of the Board of Directors of the Company since 31 May 2018. He holds 499,728 shares in the company, of which 333,000 shares are under a lock-up until March 2022. Furthermore Tobias M. Weitzel holds 500,000 phantom stock in the Company.

Elizabeth Para is a member of the Board of Directors of the Company since 31 January 2020. She holds 798,088 shares in the company of which 344,088 shares are under a lock-up until March 2022. Furthermore, Elizabeth Para holds 500,000 phantom stock in the Company.

Antonius Reiner Fromme is a member of the Board of Directors of the Company, since 15 April 2021. He has no holdings in the Company.

37. EMPLOYEES

The number of employees was:	2021	2020
Germany	349	472
USA	248	107
Netherlands	18	18
Poland	11	0
Turkey	0	17
China	12	10
Brazil	4	15
India	44	11
Japan	0	3
South Korea	4	1
Sweden	12	1
Singapore	7	0
United Kingdom	1	0
Canada	1	1
Finnland	6	0
Armenia	7	0
Spain	4	4
Total	**728**	**660**

38. AUDITORS' FEES FOR ANNUAL FINANCIAL STATEMENTS

For the services provided in the financial years 2021 and 2020 by the auditor, the following fees were recorded as expenses for the audits of the respective annual financial statements:

in kEUR	FY 2021	FY 2020
Services as an auditor of the annual financial statements - Group	50	45
Services as an auditor of the annual financial statements - component	402	457
Other assurance services	52	35

39. GOVERNING BOARD OF THE COMPANY AND REMUNERATION

In the business year from 1 January to 31 December 2021, the Board of Directors of the Company comprised the following persons:

- Elizabeth Para
- Remco Westermann
- Tobias M. Weitzel
- Antonius Fromme (appointed on 15 April 2021)

Thomas Jacobsen is Secretary of the Company.

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

As at 31 December 2021, as in the entire year and the previous year, there were no advances or loans to members of the Management Board.

40. 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:

Move of headquarter

The Board of Directors has decided to propose at the next AGM to move the headquarter from Malta to Sweden. The relocation to Sweden is the next logical step for the Company and follows the listing in Sweden.

Russia-Ukraine-War

In February 2022 the Russian Federation attacked the Ukraine. It is not yet possible to accurately assess the full impact of the war in Ukraine, as the situation remains highly volatile, making it extremely difficult to forecast macroeconomic developments of the financial year 2022. However, MGI's business revenues are less than 1% of the total revenues and isn't economically affected. MGI complies with the sanctions from the European Union against the Russian Federation.

Acquisition of AxesInMotion

On April 28, 2022 MGI acquires 100% shares of AxesInMotion S.L. a fast growing, profitable and leading free-to-play mobile games developer with a strong portfolio of visually stunning racing games and over 700 million downloads. AxesInMotion, established in 2014 and based in Seville (Spain), is a leading free-to-play mobile games developer with a strong portfolio of visually stunning racing games that have generated over 700 million downloads worldwide.

The parties have agreed to a fixed purchase price of EUR 55 million (the "Fixed Consideration"), plus up to EUR 110 million that may be paid to the sellers as earn-out payments (the "Earn-out Consideration"), depending on EBITDA performance compared to the Business Plan until the end of 2024 (together the "Total Consideration"). EUR 50 million of the fixed purchase price will be paid at closing and EUR 5 million 12 months post-closing. The Total Consideration shall be paid in cash. Closing of the Transaction is expected to occur in May 2022.

Capital Increase

On April 28, 2022 MGI has successfully completed the book-building of a directed share issue of 9,569,378 new ordinary A shares, based on the authorisation set out in the articles of association of the Company. The subscription price in the Directed Share Issue is SEK 31.35 per share. MGI intends to use the net proceeds from the Directed Share Issue in order to maintain the Company's desired capital structure following the financing of the acquisition of AxesInMotion S.L. announced on April 28, 2022, and to further strengthen the Company's financial position in line with already announced company targets.

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group as at and for the year ended 31 December 2021 were approved by the Board of Directors and released for publication on 29 April 2022.

42. 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 2021 are in compliance with IFRS as adopted by the EU, and give a true and fair view of the Group's Net Assets, Financial Position and Results of Operations.

Malta, 29 April 2022

Board of Directors

Remco Westermann Director	Tobias M. Weitzel Director	Elizabeth Para Director	Antonius R. Fromme Director

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Media and Games Invest SE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Media and Games Invest SE set out on pages 137 - 215, which comprise the consolidated statement of financial position as at 31 December 2021, 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 SE and its subsidiaries (together, "the Group") as at 31 December 2021, 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 2021, the Group completed four acquisitions that have resulted in the Group acquiring controlling interest in VGI CTV, KingsIsle Entertainment Inc., Smaato Group and Match2One. 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 judgements 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 2021, included in the consolidated statement of financial position are goodwill of kEUR 411,992 and other intangible assets totalling kEUR 193,754.

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 2021.

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.

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INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Consolidated Financial Statements - continued

Key Audit Matters - continued

Issuance of public bonds in the Open Market of Frankfurt Stock Exchange and in the regulated market of NASDAQ Stockholm

The Group has a total bonds framework amounting kEUR 350,000 with Media and Games Invest plc as the issuer which is a 5.75% secured coupon bond of EUR 1,000 each, due on 27 November 2024 with call option beginning 27 November 2022, and traded in the open market of the Frankfurt Stock Exchange and in the regulated market of NASDAQ Stockholm (ISIN: SE0015194527). The initial bond issue amounted to kEUR80,000 was issued in November 2020 and the subsequent bond issues amounted to kEUR40,000, kEUR150,000, and kEUR80,000 were issued in March 2021, May 2021 and August 2021, respectively.

In October 2021, the Group early redeemed the kEUR 25,000, 7% unsecured bond issued by Media and Games Invest plc (ISIN: DE000A2R4KF3).

As at 31 December 2021, the carrying amount of these bonds in the consolidated statement of financial position was kEUR 343,925. We have considered the issuance and redemption of these bonds to be a key audit matter as this was a significant business transaction 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 2021 in line with IFRS 9 requirements. 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.

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 following sections:

- Highlights in 2021
- Word from the CEO
- Products and services of MGI
- Sustainability report
- Corporate governance report and,
- Directors' report 2021

Our opinion on the consolidated financial statements does not cover the other information, except as explicitly stated under *Report on Other Legal and Regulatory Requirements*.

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.

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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

Report on the Corporate Governance Report

The Swedish Corporate Governance Code ("Code") issued by the Swedish Corporate Governance Board requires the directors to prepare and include in their Annual Report a corporate governance report providing explanation of the extent to which they have adopted the Code and effective measures that they have taken to ensure compliance throughout the year with those principles.

The Code also requires the auditors to report on the corporate governance report prepared by the directors.

We read the corporate governance report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the directors' statements or internal control included in the corporate governance report cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risks and control procedures.

In our opinion, the corporate governance report has been properly prepared in accordance with the requirements of the Code.

INDEPENDENT AUDITORS' REPORT - continued

Report on Other Legal and Regulatory Requirements - continued

Other Matters on which we are Required to Report by Exception

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 2021 are as disclosed in Note 38 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 nine years.

This copy of the audit report has been signed by
Roberta West Falzon *(Principal)*
for and on behalf of

RSM Malta
Certified Public Accountants

29 April 2022