



Half Year Report January - June 2019

gamigo AG

32% NET REVENUE GROWTH AND 149% EBIT GROWTH

"The first half year of 2019 furthermore showed that gamigo's strategy of growing the company via a combination of organic growth and M&A is working well. With its well diversified portfolio of games and services gamigo has by now a strong track record of increasing revenues as well as returns. Also the first half of 2019 continued YoY this trend with 32% net revenue growth and an increase in EBIT of 149%. Positive is that the Trion Worlds assets that were acquired in October 2018 show good traction while the costs were further optimized. Also our latest acquisition of the WildTangent Casual Game platform in April 2019 contributed with high solid margins to the groups overall performance. In the broad games portfolio the games developed well even though there were no larger updates or new launches. With the strong financial performance of the Group and the appetite for further additive acquisitions gamigo concluded two tap issues and increased the total outstanding bond volume to EUR 50 million. The investors were very positive and the Tap issues could both be issued over par. Looking ahead to the second half year of 2019 our strong operating cashflow together with funds from the tap issues are giving us the flexibility to further invest in organic growth and to take advantage of further M&A opportunities. With a well filled M&A pipeline and a lot of larger updates, sequels and game-launches that are scheduled for H2 2019, we are well prepared for further profitable growth": says Remco Westermann, CEO of the gamigo Group.

THE SECOND QUARTER APRIL - JUNE 2019

- Net revenues amounted to 15.0 mEUR (Q2 2018: 11.9 mEUR), which is an increase of 26% compared to the second quarter 2018. A substantial part of the revenue growth is coming from North America which is now our strongest region in terms of revenue.
- EBITDA amounted to 4.3 mEUR (Q2 2018: 2.9 mEUR), which is an increase of 49%.
- Adjusted EBITDA amounted to 4.5 mEUR (Q2 2018: 3.4 mEUR) which is an increase of 33% (Adjusted EBITDA excludes one-time, M&A and financing costs)
- EBIT increased to 1.7 mEUR (Q2 2018: 1.0 mEUR), which is an increase of 67%.
- Adjusted EBIT increased to 1.9 mEUR (Q2 2018: 1.5 mEUR), which is an increase of 25% (Adjusted EBIT excludes one-time, M&A and financing costs)
- The net result for Q2 2019 amounted to 0.3 mEUR (Q2 2018: 0.8 mEUR) and decreased due to higher financial expenses after the bond issue of 50 mEUR.
- The net leverage ratio was stable at 2.0 as of June 30, 2019 compared to 2.0 as of March 31, 2019. Net leverage based on June-LTM 2019 adjusted EBITDA was 1.7 compared to 2.0 for the reported EBITDA figure.
- In Q2-2019 the major assets of WildTangent (Seattle, US) were acquired. WildTangent runs a platform which offers mainly casual games from external developers while revenues are mainly generated from a subscription based model with long lifetimes and from In-Game advertising. Following the successful acquisition and fast intergration of WildTangent, some updates of the Casual Game Platform have been executed and first synergies with the existing portfolio were realized, especially with the casual game portal Deutschland Spielt. With the acquisition of the WildTangent assets, the number of gamigo's Casual Games has increased in the second quarter to well over 5,000. The acquired business of WildTangent is expected to contribute to revenues with a mid-single-digit million US dollar amount in the current financial year and positively contributed to the gamigo group's EBITDA from the date of acquisition.
- A second successful tap issue of gamigos senior secured bond was executed in the second quarter of 2019, together with the first tap issue of the Bond in the first quarter 2019 the total volume of the bond increased to EUR 50 million. Both tap issues were well oversubscribed and settled over par. The new bonds are listed under the same ISIN, SE0011614445, on the regulated market of the NASDAQ Stockholm and colisted on the Frankfurt Stock Exchange Open Market. Pareto Securities, Stockholm acted as sole book runner for the tap issue.
- B2C Games Segment: gamigo's substantial portfolio of MMO's and casual games developed well. While there were no large updates, sequels of game launches, the games did well. Some smaller updates for its Top MMO's Trove, Aura Kingdom, Defiance and ArcheAge were launched and had a very positive feedback from the community. The number of Monthly Active Users of our Top 10 MMO's has increased from 532 thousand to 1.308 thousand, which is an user increase of 146%. The second quarter was used for technical performance improvements of the platform as well as datacenter migrations into cloud. Also a lot of preparations

ArcheAge Unchained



on the games happened preparing for launches of larger patches, sequels and new games in Q3 after summer. Already at the Gamescom first announcements will be made.

- B2B Advertising and Media Segment: the synergetic advertising and media business that performs services for the B2C gaming part as well as for 3rd parties had a good 2nd quarter. With a strong portfolio of services, the focus in the B2B unit was on further expanding and optimizing the sales team to further increase customer acquisition. Especially on the influencer side quite some new customers were gained. Also the rollout of an own panel for quantitative and qualitative measuring of influencer campaigns with now over 10.000 panelists, got very good feedback from our first customers.

THE HALF YEAR PERIOD JANUARY – JUNE 2019

- Net revenues amounted to 28.4 mEUR (H1 2018: 21.5 mEUR), which is an increase of 32% compared to the first half 2018. The majority of the revenue growth comes from the US while also the European regions showed a good performance and contributed well to the groups revenues.
- EBITDA amounted to 8.3 mEUR (H1 2018: 5.2 mEUR), which is an increase of 59%. The EBITDA has increased due to more efficient operations – including further consolidation of data-centers – and realized synergies from the Trion and the WildTangent acquisitions.
- Adjusted EBITDA amounted to 9.1 mEUR (H1 2018: 6.5 mEUR) which is an increase of 41%.
- EBIT developed very well and increased to 3.2 mEUR (H1 2018: 1.3 mEUR), which is an increase of 149%.
- Adjusted EBIT amounted to 4.1 mEUR (H1 2018: 2.3 mEUR) which is an increase of 80%.
- The net result for H1 2019 amounted to 0.8 mEUR (H1 2018: 0.8 mEUR) and is stable despite the fact that Gamigo has increased its financial expenses after the bond issue of 50 mEUR.
- As of June 30, 2019, cash and cash equivalents increased and amounted to 22.1 mEUR (December 31, 2018: 4.2 mEUR).

SELECTED KEY PERFORMANCE INDICATORS, GAMIGO GROUP

EUR 000's	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018
Net Revenues	15.0	11.9	28.4	21.5	45.3
YoY Growth in revenues	26%	-	32%	-	8%
EBITDA	4.3	2.9	8.3	5.2	11.1
EBITDA margins	29%	24%	29%	24%	24%
Adj. EBITDA	4.5	3.4	9.1	6.5	13.4
Adj. EBITDA margins	30%	28%	32%	30%	30%
EBIT	1.7	1.0	3.2	1.3	2.6
EBIT margins	11%	8%	11%	6%	6%
Net Result	0.3	0.8	0.8	0.8	1.6



A Word from Remco Westermann, CEO

POSITIVE FURTHER DEVELOPMENT OF THE COMPANY IN H1 2019

"In the first half year of 2019 gamigo showed a further growth of revenues and earnings. Our continues growth is based on a strategy change app. 5 years ago. As organic growth via game launches has a substantial risk profile, it was then decided to put strong emphasis on M&A. With now well over 25 (smaller but also larger) acquisitions in the last 6 years, that are consequently integrated we see continues revenue growth combined with efficiency gains. Consolidating datacenters and backends, bringing games into the cloud and a better purchase position lead to substantial efficiency gains. The larger games portfolio and customer base lead to easier cross-selling and customer acquisition for existing as well as new games. And the synergetic media and advertising companies have substantially improved our customer acquisition and game-launch capabilities. Having proven our M&A and integration capabilities we have a continuous flow of new M&A leads. Based on our larger size we are now also much better positioned for further organic growth. While in the beginning of the strong focus on M&A the focus was on repairing and stabilizing games, we are now in the position to structurally bring our strong games forward via larger patches, sequels and internationalization. Also with the larger customer base we have become an attractive partner for game development studio's for publishing their new games.

In H1, a substantial part of our focus was on the integration (especially in the technical area) of Trion assets that were acquired in October 2018 and the associated cost reduction. Having successfully completed most of this process within the first half year, focus shifted towards optimizing the games (Trove, Defiance 2050 and Rift) in the further course of the first half of the year. While smaller updates were launched, larger activities are scheduled for H2 2019.

Also the acquisition (April 2019) and integration of the assets of WildTangent Inc. got substantial focus. The gaming portal with over 5,000 titles was updated and the team restructured. With WildTangent – based in the USA – there is a good synergy with our casual games activities in Europe (screen7 and Deutschlandspielt) which already started to show in Q2. The acquisitions of Trion Worlds and WildTangent especially increased our position in the important North American market, leading to N-America now generating over 45% of our gaming revenues. The integration of WildTangent was very positive and almost frictionless. Since the acquisition, the business already positively contributes to the Group's results.

Within the current portfolio there was a lot of focus in H1 2019 on preparing larger updates, sequels and new launches for H2 2019.

We are looking forward to the commercial launch of Ironsight in H2. After gamigo signed the publishing deal for Ironsight in 2018, the game was still at a relatively early stage. The potential of the game became clear in the open beta phase, but substantial optimizations on the technical as well as gameplay side were required. We luckily have the luxury that we do not have to hurry game launches and had the possibility to take enough time to optimize the game. The commercial launch is planned for the fourth quarter.

Another important launch will be a new version of Desert Operations. Desert Operations is one of the older games in the gamigo portfolio and has been achieving constant sales for 10 years with a very loyal and longterm player base. In the past six months new players could be won and the revenue increased by 16% yoy. But the graphics of the game are as old as the game and new player acquisition has become more difficult. The Desert Operations game development team choose a Game as a Service approach where we not only try to meet the needs of the players, but also use the knowledge of the community to develop our games accordingly. The development team involved the active game players in the design of the new game. This turned out to be a very good approach, as players know better than any marketing department what their needs are. The result is a well prepared relaunch of Desert Operations, which is much more than just a visual optimization.

Both games are expected to represent a major milestone in our corporate history and have been presented at Gamescom 2019. First responses from the gaming community are very positive and we expect the two games to contribute significantly to our organic growth.

Also other larger updates, sequels and new game launches are scheduled for H2 2019.

In the B2B segment, we have within the last years via M&A and organic growth build a strong portfolio of advertising and media services; from influencer to banner, from performance to branding, from trading to own productions and with a large network of partners, including the access to well over 70.000 influencers. On the integration and cost side, substantial projects in the last year have resulted in a lean



Defiance 2050

and efficient organization. Now the focus continues to be on optimising sales and internationalization.

Important differentiators for H2 include the further development of our youth panel "Point of You" for qualitativ and quantitativ measuring of social media campaigns as well as our cooperation with influencers in building own brands and product lines.

The overall company is well positioned in all areas to continue growing. While we still have some efficiency gains upcoming from integration projects, the main focus in H2 will be on growth of the current games portfolio as well as B2B services.

gamigo has a great proactive and professional team, comprises diversified and long term revenue streams and a profitable proven business model. With a positive operational cash flow and sufficient liquid funds due to the increase in our bond volume we have substantial cash to further invest in our strong and promising pipeline for further inorganic as well as organic growth." says Remco Westermann, CEO of the gamigo Group.



FINANCIAL PERFORMANCE, JANUARY - JUNE 2019

CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

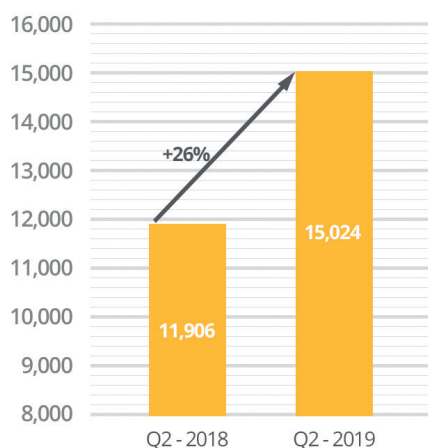
The first half year of 2019 showed as well as previous years strong revenue growth. Net revenues increased in H1 2019 to 28.4 mEUR (H1 2018: 21.5 mEUR) which is an increase of 32%. Net revenues for the second quarter 2019 amounted to 15.0 mEUR, which is an increase of 26% versus the corresponding period of the previous year (second quarter 2018: 11.9 mEUR).

The EBITDA of the first half year 2019 amounted to 8.3 mEUR (H1 2018: 5.2 mEUR) which is an increase of 59%. The EBITDA margin of the first half year also improved to 29% of the revenues (H1 2018: 24%). The increase is based on more efficient operations of the daily business of the gamigo Group and the successful acquisitions including WildTangent in April 2019. Adjusted EBITDA for H1 2019 excluding M&A costs of 830 kEUR amounted to 9.1 mEUR (H1 2018: 6.5 mEUR), which is an increase of 41%. Reported EBITDA during the second quarter 2019 amounted to 4.3 mEUR (second quarter 2018: 2.9 mEUR) and increased by 49%.

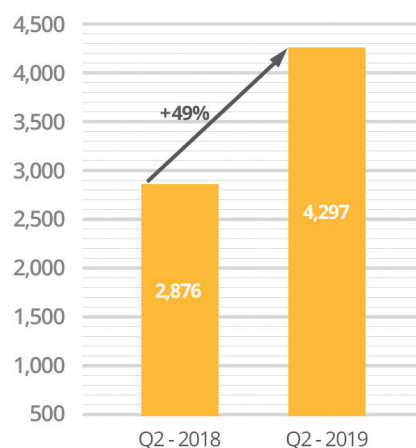
The EBIT during H1 2019 increased to 3.2 mEUR (H1 2018: 1.3 mEUR), which is an increase of 149%. The EBIT during the second quarter 2019 increased to 1.7 mEUR, which is an increase of 67%.

Net result during the first half year was positive with 0.8 mEUR (H1 2018: 0.8 mEUR). Net Result during the second quarter was 0.3 mEUR (second quarter 2018: 0.8 mEUR) and decreased due to the additional financial expenses after the bond issue.

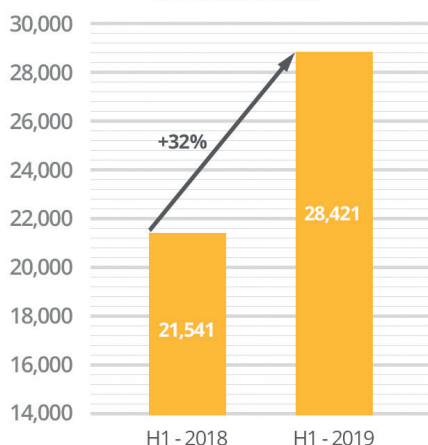
Net Revenues Q2



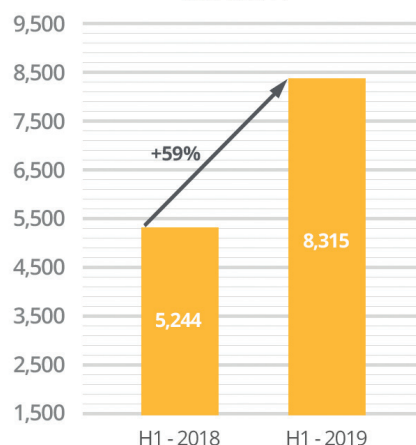
EBITDA Q2



Net Revenues H1



EBITDA H1





CASH FLOW AND FINANCIAL POSITION

Cash flow from operations in H1 2019 was 6.5 mEUR (H1 2018: 5.5 mEUR), which is an increase of 19%. The corresponding number for the second quarter 2019 is 4.2 mEUR (second quarter 2018: 5.2 mEUR). Equity ratio as of June 30, 2019 was 24% (December 31, 2018: 30%). The equity ratio decreased due to additional longterm debt after the bond with a total volume of 50 mEUR was fully placed out in Q2 2019. Cash and cash equivalents for the Group as of June, 30 2019 were 22.1 mEUR compared to 4.2 mEUR as of December 31, 2018. The interest coverage ratio of 3.4 as of June 30, 2019 decreased compared to the 5.2 on March 31, 2019 due to the additional financial expenses after the two tap issues in the second quarter. The leverage ratio on June 30, 2019 with 2.0 was stable compared to 2.0 on December 31, 2018.

INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

During the first half year 2019, investments in strategic development of product and platform (personnel expenses) have been capitalized with 3.7 mEUR (H1 2018: 2.1 mEUR). Investments include structural improvements of the IT-platform, new planned game launches like Ironsight and Desert Operations as well as improvements in the existing games like Trove, Aura Kingdom, Fiesta Online and Last Chaos. During the second quarter 2019, investments in product and platform development (personnel expenses) of 1.8 mEUR (second quarter 2018: 1.0 mEUR) have been capitalized. In relation to net revenues, these investments in H1 2019 amounted to 13% compared to 10% in H1 2018.

Depreciation and amortization in H1 2019 amounted to 5.1 mEUR (H1 2018: 3.9 mEUR) and increased mainly due to additional PPA depreciation charged for the acquired Trion and WildTangent assets. During the second quarter 2019 depreciation and amortization amounted to 2.6 mEUR (second quarter 2018: 1.9 mEUR). Depreciation and amortization primarily pertains to intangible assets acquired by the Group related to the Group's acquisitions of subsidiaries and businesses and to capitalization of product development costs.

During the first half year of 2019, the Group increased its intangible assets based on its further growth and M&A activities by 7.1 mEUR compared to December, 31 2018. The Group's non-current liabilities increased by 24.3 mEUR compared to the first quarter 2019, largely based on a change of longterm liabilities due to the tap issues of the bond in H1 2019.



Desert Operations

EVENTS IN THE BUSINESS SEGMENTS, SECOND QUARTER 2019

B2C GAMING SEGMENT

The gamigo group offers over 30 Massive Multiplayer Online Games (MMOs) and over 5000 casual games. These include various role playing, strategy and shooter MMOs, including Aura Kingdom, Grand Fantasia, Fiesta Online and Trove, which have been established on the market for many years. These MMO games, if well maintained and supported with strategic marketing and regular improvement of the game's content, have a lifetime of well over ten years. Regularly, mostly once per quarter, we release more substantial content updates to keep the players engaged and entertained. In the second quarter, we published updates for various games, which drove organic revenue growth in these games. Below you will find an overview of some of our game updates:

ArcheAge: The Echoes of Hiram ring through ArcheAge

Building on the previous Relics of Hiram update, gamigo released its newest update for the widely successful Fantasy MMORPG ArcheAge. The update brought a plethora of new content, most notably an additional zone for the players to explore. The Echoes of Hiram also introduces a new story quest, dungeon challenges and many more exciting additions to the fantastical world of the sandbox MMORPG ArcheAge.

Aura Kingdom: Difficult Dungeons and Precious Pet Dragons

The popular Anime MMORPG received its latest patch in May. Introducing new difficult dungeons, and additional pets, the update aimed to provide its longterm players with fresh incentives to login to the game. Patch 52 also included special events, and offered as a new feature weekly raids for up to 40 players.

Defiance 2050: gamigo Celebrates First Anniversary, with the 99 Problems Event and new Content

The established Sci-Fi MMO Shooter Defiance 2050 celebrated its first anniversary at the end of Q2. In addition to an updated engagement mechanic that provided players with daily rewards for participating in the event, culminating in the availability of a high-powered prototype weapon, the anniversary update included a multitude of new elements and features for the player community.

Trove: gamigo's Trove is Going Green with Latest Update!

Players of the popular Action MMO Trove can now explore a new gardening feature in the online game. The extensive update added multiple new gameplay elements and items to make the gardening experience in the adventurous MMO more complex and enjoyable. Swiftly following the PC release, the update was also released on Playstation® 4 and Xbox One.

Echo of Soul, ArcheAge, Fiesta Online and others: Easter Game Events, gamigo is cooperating with spring's biggest Influencer!

In April, gamigo announced a plethora of new easter content for its games. In Echo of Soul, players could collect painted eggs and receive rewards in return. Until April 23rd, players were able to attend colorful Mount Parades in Trove and gather Talismans. In ArcheAge, players found themselves in an actionpacked Spring Race. Fiesta Online offered a special Kingdom Quest. Last Chaos engaged its players with festive events. In Aura Kingdom, players had the chance to win a player-favorite Eidolon. Desert Operations celebrated Easter on Facebook and In-game. In Ironsight, players could hunt for eggs on Discord, Social Media and in the forums.



UPCOMING GAME LAUNCHES

Ironsight: Open Beta, major update Introduces Battle Pass, Ranked Mode, and New Features

Ironsight is in open beta preparing for commercial launch in Q4 2019. In May, gamigo announced the next major update for its futuristic First-Person Shooter Ironsight. Players can look forward to additional content, exciting events and a fresh overall gaming experience. Furthermore, gamigo introduced a “Battle Pass” system for further monetization opportunities, reintroduced the well-received “Ranked Mode” and much more.

Desert Operations: Preparing re-launch with new graphics and several new features

Desert Operations is preparing its re-launch in H2 2019; the Desert Operations game development team choose a Game as a Service approach to meet the needs of the players and also use the knowledge of the community, actively involving the active game players in the design of the new game to develop the game accordingly. The result is a reskinning of Desert Operations, which is much more than just a visual optimization that is being prepared for launch.

Trove Japan & China

A Japanese PC and console version of the successful brand of Trove will be developed together with gamigo's partner DMM. As well as the already published versions of Trove the Japanese version of Trove is an open-ended voxel adventure through countless realms filled with quests, chests, and enemies great and small. It's a potent, cube-shaped brew of RPG features combined with the thrill of exploring procedurally-generated worlds – and the unlimited creative freedom to build your own!

This version is targeted at generating new target groups and expanding the brand in new territories in the future. gamigo is also in negotiations with a Chinese publisher regarding a license agreement for development, localization and publishing of Trove in China.

ArcheAge Unchained

One of the exciting projects to drive organic growth is a new monetization approach. ArcheAge is currently Free to Play with a voluntary subscription and micro-transactions as business model. Its monetization is deeply linked with the core gameplay, making out of ArcheAge a ‘Pay to Win’ product, harming our overall organic growth efforts (mostly on User Acquisition and Customer Retention). +36% of the public reviews contain the words ‘Pay to Win’.

With ArcheAge Unchained, the Buy to Play version, our main goal is to provide a fair and market friendly business model. We are revamping the product's monetization avoiding all the pain points linked with the core gameplay, implementing into the game an entry fee (Buy to Play) and a unique Season Pass system using Fortnite as a reference.

This will allow us to open a secondary revenue stream under the same brand, providing users with a choice, playing for free or getting into the Buy to Play servers. We will also rebuild the brand perception, boosting our Acquisition and Retention efforts.

Other

Various other larger game updates, sequels and new games are in preparation for H2 2019 and beyond.



B2B ADVERTISING AND MEDIA SEGMENT

In the area of B2B services, the focus is on advertising and media services, especially online advertising and marketing, with a strong focus on influencer-, social-, product-, brand- and performance marketing. The most important activities in this field are grouped in adspree media and the Mediakraft group. While adspree media is focused on lead generation and advertising for game providers and also operating portals such as MMOGAMES.com, MMORPG.de and Browsergames.de, the Mediakraft group is a specialist agency for video, social- and influencer marketing offering a full product range in this field with consultancy, design, production, media purchasing and performance tracking and analyses.

Mediakraft Networks has subsidiaries in Germany, Poland and Turkey. The joint umbrella brand "Media Elements Group" has been founded bringing all sales activities for the Advertising and Media activities of the group under one joint sales team. This includes the development of joint strategies, particularly in the areas of influencer marketing, digital marketing, content production & sourcing, content syndication and SaaS.

Adspree Media

Adspree Media continues to develop its knowledge in traffic and customer acquisition for the video games industry, offering a full portfolio of digital campaigns management. Together with Mediakraft Networks, they are now enabled to also provide 360 degrees campaigns to fulfil the client's needs. Many new projects are in the pipeline for adspree Media. The excellent relationships with some major customers such as PUBG, Youzoo, Gameforge or Innogames lead to sustainable long term revenues.

Mediakraft Networks (DE)

Mediakraft Networks has successfully carried out first studies on the topic of advertising effectiveness with the help of its own youth panel "Point of You". The market has responded very positively to the possibility of measuring the success of influencer campaigns by questioning the target group directly. Mediakraft Networks will therefore focus more on the topic of measurability. Furthermore, Mediakraft Networks has revised its services for YouTubers and further adapted it to their current needs and the market situation. The aim is to win further YouTube channels for the own CMS and also to consider groups of YouTubers to whom the service offerings of Mediakraft Networks have not yet been directed. Mediakraft Networks currently manages about 350 YouTube partner channels in its Content Management Systems (CMS). In consultation with Google, Mediakraft Networks will revise the structure of its own CMS and plans to go live with new services within Q3 2019.

Mediakraft TV (PL)

Mediakraft TV showed good revenue progress in H1 2019. Especially the international production department working for a.o. international TV companies showed nice traction. Also the domestic business developed well, based on its local production offering as well as cooperation with a major broadcaster.

Mediakraft Turkey

In the second quarter 2019 Mediakraft Turkey continued its shift of focus in the production of Own & Operated channels from Entertainment to Childrens Content. The segment focus change in combination with the increased production output, resulted in increased advertising revenues. This positive trend is expected to continue in Q3.



OPERATIONS AND STRATEGY

GAME DEVELOPMENT AND GAME MANAGEMENT STRATEGY

To further grow the revenues from our long lasting MMO'S we are strategically investing into specific key areas of the company: Adding more highly skilled personnel, using existing portfolio to explore untapped potential and upgrading as well as relaunching our games.

One key aspect to driving success is having strong and experienced personnel. As gamigo is growing significantly the requirements for the setup are changing continuously. To be able to counter this gamigo is for the last two years continuously upgrading areas such as Business Intelligence, Customer Relationship Management (CRM), Marketing, IT Development, Quality Assurance, Customer Support and Community Management. We are seeing now positive results from this professionalization of the organization.

A good example is taking our Business Intelligence capabilities to the next level and ensuring measurable results will take effect latest in Q4 2019. Business Intelligence Systems are undergoing a complete transformation from traditional Star Schema Data Warehouse into a near realtime event driven Big data solution using google BigQuery. This will empower the business introducing new and better data assets to take the right decisions and identify new business opportunities offering a self-service BI solution based on our core KPIs. As part of the project the information across different data sources will also be standardized and unified to support future acquisitions and asset deals, it will also be the main BI solution for our Software as a Service Platform providing Big data Machine learning capabilities. The BI team was strengthened by highly skilled personnel from the WildTangent and TrionWorlds acquisitions. Additional BI experts have been hired to ensure that the high expectations can be fulfilled.

The one platform approach for the gamigo group opens huge efficiency and growth potential but also requires major investments in skilled personnel for IT Engineering. For the first months of 2019 gamigo invested in increasing it's experienced IT Engineering team.

Key departments for executing the organic growth strategy like Quality Assurance, Customer Support, Localization and Community Management have also been reorganized and strengthen with highly experienced personnel. These departments now follow a functional setup to maximize the efficiency.

Further investment areas include game management, development and support of the MMO games in our portfolio. Further growth of our position in casual games by regular new game launches, improvements of the platform and our partner relations (a.o. OEM partners).

M&A STRATEGY

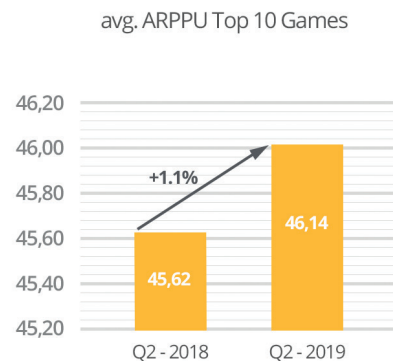
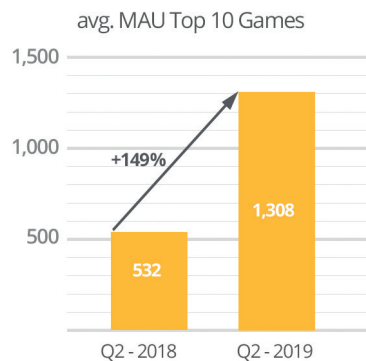
Also on the M&A side the number of distressed as well as non distressed targets being available is substantial. gamigo is known as an acquirer and as such many potential acquisition targets are presented to us. As it is not only about the availability of targets and money, but also about having the human resources and focus to integrate the M&A targets, gamigo will be very selective regarding further M&A.



SUBSTANTIAL USER GROWTH IN A YEAR OVER YEAR PERSPECTIVE

The new US Titles Defiance, ArcheAge, RIFT and Trove strongly influenced the development of the key performance indicators of the top 10 MMO's within the gamigo group. The new games in the gamigo Portfolio led to a new composition of our top 10 titles which now also includes products like Trove, Rift and Defiance as well as well-known gamigo games like Fiesta Online, Last Chaos and Desert Operations.

Through the new US Titles we were able to significantly increase our presence within the highly relevant North-American games market and are planning to further strengthen the position of the gamigo group within this region. In response to the massive increase in monthly active users (MAU), which YoY almost tripled with 149% to 1.3 million, gamigo focussed on significantly increasing and improving its community management while also expanding operations at multiple locations, including the US.



Looking at the monthly spending per player (ARPPU), a slight increase of 1.13% can be observed. This positive development is attributable to gamigo applying best-practices to increase the ARPPU of the Trion Worlds games. Keeping players engaged and entertained by continuously providing new content and engaging activities is crucial when it comes to longterm motivation, which also increases the chance to convert active players into paying players. By utilizing synergies across multiple channels and partners, gamigo is actively working on increasing awareness for the US Titles throughout Europe. Additionally, having now a strong foothold in the north-america, gamigo can further pursue the untapped potential of its portfolio in the US market.

By realizing previously mentioned opportunities gamigo can further increase its current revenue streams and add new revenue streams in the foreseeable future.



Last Chaos

OUR VIEW ON THE GAMING MARKET

The global games market has yet once more reached unprecedented heights. According to Newzoo's Global Games Market Report 2019, the global game market is expected to hit revenues of over \$150 billion, an increase of 9.6% over 2018. All segments continue to show healthy growth, with the PC games market in particular growing at about 4% year over year. In comparison, gamigo's revenues have grown at a rate of 32% year over year (average revenue growth in the last 4 ½ years), outperforming the overall PC games market.

Furthermore, Newzoo also reported that the US is taking over the No. 1 spot as the largest gaming market, about \$37 billion in 2019. This will be the first time that China hasn't been the top market since 2015. Coincidentally, gamigo has just completed the integration of Trion and WildTangent asset acquisitions, which give our group a significant footprint in that strong and growing gaming market.

Mobile gaming continues to show substantial growth rates. On a global level, it's expected to reach about \$68.5 billion in 2019. Despite its continued growth, the mobile games market poses a significant structural challenge. Game developers have to pay distribution fees of up to 30% to Apple's and Google's first party app stores, respectively and also the number of game launches in the mobile space is still extremely high compared to the other segments. Additionally, in order to drive awareness and traffic to their games in those app stores, developers need to also invest into user acquisition marketing. The well known industry expert Eric Seufert sets that amount at over \$100 billion, which means, all mobile games together generate less revenues than the developers pay to promote them. As an example, Ubisoft, one of the largest console, mobile and PC game publishers in the world, announced earlier this year, that PC was not just their largest platform in net bookings, but also noticeable profitable.

gamigo's gaming portfolio revolves around PC games. With +30 PC MMOs, gamigo is well positioned to continue to leverage the global interest in PC games and continue to grow top and bottom line. Nevertheless, should gamigo decide to increase it's position also in the mobile games market, we will be able to leverage the massive install base of users inside of our own games and B2B channels, to drive awareness and user to any mobile game we'd chose to launch.

Furthermore, Peter Warman, CEO of Newzoo, believes that the gaming industry goes through major innovations every five years. From his point of view, the next major innovation comes in form of extended gamer life-time. This means, gamers will continue to stay engaged up into a higher age. The benefit for the industry as a whole is extended loyalty and consumption of games. gamigo, once more is perfectly positioned to benefit from this trend. With our vast portfolio of +5000 games, we are able to cross-promote users for an extended period of time of their life, as we promote gamers from one game to the next inside of our gaming universe.

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

EUR 000's	Note	30 June 2019	31 Dec 2018
Intangible assets	2, 3	74,658	67,585
Property, plant and equipment		3,492	4,186
Financial assets and other assets		10,486	9,938
Long-term assets		88,636	81,709
Trade and other receivables		12,855	7,924
Cash and cash equivalents		22,116	4,158
Short-term assets		34,970	12,082
Total assets		123,606	93,792
Equity attributable to shareholders of the parent company	6	29,207	28,577
Non-controlling interest		-27	-51
Total Equity		29,180	28,526
Long-term liabilities	4	66,172	41,818
Short-term liabilities	5	28,254	23,448
Total liabilities and equity		123,606	93,792

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

EUR 000's	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Revenues						
Net revenues	7	15,024	11,906	28,421	21,541	45,289
Own work capitalized		1,839	1,042	3,658	2,081	4,168
Other operating income		2,482	704	2,660	969	6,667
Total Income		19,346	13,652	34,739	10,939	56,123
Operating Expenses						
Services purchased & other operating expenses	8	-9,381	-7,197	-16,093	-12,549	-30,343
Personnel expenses	9	-5,667	-3,579	-10,331	-6,797	-14,729
Total operating expenses		-15,048	-10,776	-26,424	-8,570	-45,072
EBITDA		4,297	2,876	8,315	5,244	11,051
Depreciation, amortization and write-downs	10	-2,584	-1,851	-5,069	-3,942	-8,464
EBIT		1,713	1,025	3,246	1,302	2,587
Financial result		-1,270	-380	-2,047	-774	-2,096
EBT		443	644	1,199	528	491
Income Taxes		-179	120	-402	296	1,126
Net Result		264	764	797	824	1,616
of which attributable to non-controlling interest		-11	16	-24	16	-28
of which attributable to shareholders of the parent company		275	748	821	808	1,644

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

in KEUR	Share capital	Capital reserve	Cash flow hedge reserve	Difference from currency translation	Accumulated retained earnings	Equity attributable to shareholder of gamigo AG	Non- con- trolling interest	Total
Total Equity as at 31. Dec. 2017 / 1. Jan 2018	2,311	48,153		-28	-23,589	26,847	-119	26,728
Issues on shares								
Consolidated profit / loss for the year					1,617	1,617		1,617
Other comprehensive income				114		114		114
Other changes							68	68
Total Equity as at 31. Dec. 2018 / 1. Jan. 2019	2,311	48,153	0	85	-21,972	28,577	-51	28,526
Issues on shares								
Consolidated profit / loss for the period					773	773		773
Other comprehensive income			-287	143		-1441	24	-119
Other changes								
Total Equity as at 30. Jun. 2019	2,311	48,153	-287	229	-21,199	29,207	-27	29,180

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, GAMIGO GROUP (unaudited)

EUR 000's	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Cash flow from operating activities		4,196	5,244	6,542	5,493	10,462
Cash flow from investing activities		-3,153	156	-5,449	-144	-6,254
Cash flow from financing activities		11,639	-4,949	16,865	-5,325	3,886
Cash flow for the period		12,682	451	17,958	24	8,094
Cash and cash equivalents at beginning of period		9,434	-4,363	4,158	-3,936	-3,936
Cash and cash equivalents at end of period		22,116	-3,912	22,116	-3,912	4,158

SELECTED EXPLANATORY NOTES (unaudited)

NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

The second quarter and half year report 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements have been prepared in accordance with IFRS such as adopted by the EU and the relevant references to the German Commercial Code and the German Corporation Act.

In the preparation of the half year and second quarter report, the condensed consolidated interim financial statements, the accounting standards and interpretation have been used valid as of 1 January 2019. In this report the same accounting policies and methods of computation were followed compared to the last audited consolidated financial statements for the business year ended December 31, 2018.

The consolidation scope of the condensed consolidated financial interim statements for the half year and second quarter ended June 30, 2019 and did not change compared to the audited consolidated financial statements as of December 31, 2018.

NOTE 2 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

Intangible Assets

Other Intangible Assets includes self-developed intangible assets (development expenses), IP's and Licenses and advanced payments on licenses and increased slightly due to further development on the IP owned games. The increase of intangible assets pertains mainly from the Acquisition of the WildTangent assets.

	June 30, 2019	December 31, 2018
	kEUR	kEUR
Goodwill	27.909	27.909
Other Intangibles	46.749	39.676

Acquisitions

3 April 2019 – The gamigo AG, via its 100% subsidiary gamigo Inc., acquired substantially all assets of the US games publisher WildTangent Inc. ("WildTangent"). The acquisition of WildTangent qualifies as a business combination in terms of IFRS 3 Business Combinations. A preliminary purchase price analysis is currently performed. As part of this, the company currently evaluates the identifiable assets acquired, the liabilities assumed as well as the difference between the aggregate of the consideration transferred (purchase price components) and the net amount of the identifiable assets acquired and the liabilities assumed, and its impact of the consolidated financial statements.

Transaction Details

The gamigo AG, via its 100% subsidiary gamigo Inc. acquired substantially all assets and liabilities from WildTangent Inc. and its fully owned subsidiary WildTangent Studios Inc. as part of an asset deal outlined in the asset purchase agreement dated 3 April 2019. Under the APA, gamigo acquired WildTangent's business comprising its operating business and its intellectual property ("IP").

The operating business includes business contracts, e.g. with sales partners (computer manufacturers), game developers, and lessors of application software. Moreover, gamigo assumes WildTangent's equipment, working capital, financial debt and cash. In addition, WildTangent's gaming platform, customer base and key employees were transferred.

The acquired IP mainly comprises patents, e.g. with regard to the platform, trademarks for the business names (e.g. "WildTangent", "WildTangent Studios", "Wild Games" etc.), copyrights for leased and self-owned games, internet domain names and other rights.

The purchase price is the sum of a base purchase price of USD 4.0m plus a holdback amount of USD 0.5m, a guaranteed post-closing amount of USD 0.5m, and an earn-out of up to USD 2.0m. The maximum purchase price amounts to USD 7.0m. In the course of the PPA, we derived a consideration transferred of USD 6.7m.

NOTE 3 DISPOSALS

There were no material sales or disposals in the first half of 2019.

NOTE 4 LONG-TERM LIABILITIES

As of June 30, 2019 the long-term liabilities of gamigo Group increased by kEUR 24,354 to kEUR 66,172 (December 31, 2018: kEUR 41,818) largely based on the bond issues. As of June 30, 2019 following two building processes, organized by Pareto Securities, Stockholm, the gamigo AG has successfully concluded two tap issues of EUR 18 million of senior secured floating rate callable bonds due October 2022 within the existing EUR 50 million bond issuance program of gamigo AG. The tap issues were oversubscribed and made over par. The net proceeds from the tap issues are intended to be used for general corporate purposes, including investments and acquisitions for further growth. The settlement of the transactions were both in the second quarter and are included in the condensed consolidated statement of financial position on June, 30 2019.

NOTE 5 SHORT-TERM LIABILITIES

The short-term liabilities of gamigo Group increased on June 30, 2019 (kEUR 28,254) compared to December 31, 2018 (kEUR 23,448), which mainly pertains an increase in account payables due to increased operations of the group.

NOTE 6 SHAREHOLDERS' EQUITY

As of June 30, 2019, the total shareholders' equity increased to kEUR 29,108 (December 31, 2018: kEUR 28,526) due to the positive result of the first half year 2019. The subscribed capital of the parent company gamigo AG (kEUR 2,310) and the capital reserves (kEUR 48,153) did not change during the first half year 2019.

No dividends were paid in the first half year 2019 nor any share-based payments nor other option plans were made or granted.

NOTE 7 SALES REVENUE

gamigo Group achieved a second quarter 2019 sales revenue of kEUR 15,024. The increase of kEUR 3,118 (second quarter 2018: kEUR 11,906) was mostly due to more B2C sales, especially in the USA.

NOTE 8 SERVICES PURCHASED & OTHER OPERATING EXPENSES

For the second quarter 2019 gamigo Group disclosed services purchased and other operating expenses of kEUR 9,381 (Q2 2018: kEUR 7,197). The increase of kEUR 2,184 is due to increased operations and one-time costs related to the WildTangent acquisition.

NOTE 9 PERSONNEL EXPENSES

The personnel expenses increased in Q2 2019 by kEUR 2,087 to kEUR 5,665 compared to the prior years period due to the new US employees. This increase is mainly due to the personnel costs of appr. 65 employees who are part of the Trion and WildTangent business acquired on October 2018 and April 2019.

NOTE 10 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs amounted in Q2 2019 to kEUR 2,584 (Q2 2018: kEUR 1,851). The increase is mainly due to additional amortization of the acquired Trion assets. In Q2 2019, no impairment charges were made, neither on intangible assets nor goodwill.

NOTE 11 RELATED PARTY TRANSACTIONS

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated in the course of consolidation and are not explained in these notes. Details of transactions between the gamigo Group and other related parties are given below.

In addition to the Management Board, family members close to the Board and, in principle, the Supervisory Board, investments and the shareholders can all be considered "Relationships to associated companies and persons" in the sense of IAS 24 (Related Party Disclosures).

Remco Westermann is the sole member of the Management Board of gamigo AG. He is a member of the Management Board of various other companies and holds shares in companies that have relationships with gamigo AG.

Media and Games Invest plc (former blockescence plc), Malta, indirectly holds 38.8% of the shares in gamigo AG. Remco Westermann holds 90% of the shares in Bodhivas GmbH (Düsseldorf), which in turn holds 79.5% of the shares in Media and Games Invest plc, which in turn holds 100% of the shares in Samarion SE (Düsseldorf), which in turn holds 38.8% (36.3% directly and 2.5% via its 100% holding in Persogold GmbH (Hamburg)) of the shares in gamigo AG. On the basis of voting right agreements with other shareholders of gamigo AG, Media and Games Invest plc (former blockescence plc) indirectly holds 53.1% of the voting rights of gamigo AG.

Remco Westermann is part of the three-member Board of Directors of Media and Games Invest plc and personally holds 79.5% of the shares in Media and Games Invest plc indirectly via his holding company Bodhivas GmbH as at the balance sheet date. Media and Games Services AG (formerly blockescence Services AG), Zug (Switzerland), is a wholly-owned subsidiary of Media and Games Invest GmbH plc. Members of the Board of Directors are Remco Westermann and René Müller.

blockescence DLT solutions GmbH, Düsseldorf, is a wholly-owned subsidiary of Media and Games Invest plc. Remco Westermann is the sole managing director.

Persogold GmbH, Hamburg, is a wholly-owned subsidiary of Samarion SE and holds 2.5% of the shares in gamigo AG. Remco Westermann is the sole managing director of Persogold GmbH. There were no legal transactions with Persogold GmbH in the reporting year.

gamigo AG has various contracts with companies of the Media and Games Invest plc:

- In 2012, Samarion S.E., Düsseldorf, granted the company loans totalling EUR 800,000 at an interest rate of 4% p. a. As at June 2019, the outstanding loan including interest amount totalled to EUR 852,442.77.
- In addition, service agreements exist with blockescence DLT solutions GmbH (since 1 January 2019) and Media and Games Services AG (since 1 May 2018) with gamigo AG regarding services that gamigo AG provides for Media and Games Invest plc subsidiaries. blockescence DLT solutions GmbH pays a monthly remuneration in the amount of the actual consideration to be provided, but at least EUR 5,000. Furthermore, gamigo AG has been charging since July 2018 a monthly remuneration of EUR 20,000 to Media and Games Services AG.
- In addition, a cooperation agreement between blockescence DLT solutions GmbH and gamigo Publishing GmbH regarding an unlimited licence agreement for the use of the Trion IPs and a call option to purchase the Trion IPs has been in place since 22 October 2018.
- Aeria Games GmbH, the subsidiary of gamigo AG concluded a sub-lease agreement with blockescence DLT solutions GmbH and has been charging a monthly rent fee of EUR 1,160.

NOTE 12 OTHER DISCLOSURES

There are no new significant litigations or claims in Q2 2019. In April 2019, the gamigo AG, via its 100% sub-sidiary gamigo Inc., acquired substantially all assets of the US games publisher WildTangent Inc.

DEFINITIONS OF KEY PERFORMANCE INDICATORS

MAU	Monthly Active Users
ARPPU	Average Revenue Per Paying User
EBIT	Earnings before interest and taxes
EBIT margin	EBIT as a percentage of net revenues
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA margin	EBITDA as a percentage of net revenues
Adjusted EBITDA	EBITDA excluding one-time costs
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net revenues
Equity ratio	Equity as a percentage of total assets
Growth in revenues	Net sales for the current period divided by net sales for the corresponding period of the previous year
Leverage Ratio	Net Interest Bearing Debt divided by EBITDA for the past 12 months excluding Subordinated Loans with PIK Interest
Interest Coverage Ratio	EBITDA divided by net financial items for the past 12 months

PARENT COMPANY

gamigo AG with its headquarters in Hamburg, Germany, is the parent company of the group. In this function, in addition to its own operational business, it also takes over central management and control functions for the group companies.

RISKS AND UNCERTAINTY FACTORS

Risks and uncertainties are described in Prospectus of gamigo AG Bond 2018/12, which is available on the company's web site <https://corporate.gamigo.com/en/investors/#bond-prospectus>

REVIEW

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

INVESTOR CONTACT

The latest information on the company is published on its website www.gamigo.com. The company can be contacted by email ir@gamigo.com.

FINANCIAL CALENDER

Interim Report, Q3 2019	November 30, 2019
Year End Report, Q4 2019	February 29, 2020
Annual Report 2019	April 30, 2020
Interim Report, Q1 2020	May 31, 2020

NOTE

This information is information that gamigo AG is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014 and the Securities Markets Act (2007:528). The information was submitted for publication, through the agency of the contact person set out below, at 8:00 CET on August 30, 2019.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Remco Westermann, CEO
gamigo AG
Public and Investor Relations
Email: ir@gamigo.com

BOARD DECLARATION

The Executive Board and CEO Remco Westermann hereby certify that this Interim Report gives a true and fair view of the group's operations, financial position and results of operations, and describes significant risks and uncertainties faced by the group.

Hamburg, August 30, 2019

Remco Westermann, CEO



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