



Year End Report 2018 gamigo AG

STRONG GROWTH IN USERS, REVENUES AND EBITDA WITH GREAT OUT-LOOKS FOR 2019

"2018 has been a very successful year for gamigo. Monthly Active Users of our Top 10 MMO-Games increased YoY by 230% while the net revenues of the fourth quarter increased by 26% and the EBITDA grew by 112% YoY. The capital markets confidence in our strategy was confirmed by the successful bond issue of EUR 32 mn. Our bond is now listed on Nasdaq Stockholm and Frankfurt Stock Exchange. Continuing our M&A roll-up strategy, major game assets from Trion Worlds Inc. were acquired in October 2018 and have developed very well since then. Also our synergetic Media and Advertising focused B2B Unit is developing well. In November 2018, we delivered for PUBG one of the biggest media campaigns in our company's history. We are well prepared and also confident that we will have a really strong 2019," says Paul Echt, CFO of the gamigo Group.

THE FULL YEAR JANUARY – DECEMBER 2018

- Net revenues amounted to 45.3 mEUR (2017: 42.1 mEUR), which is an increase of 8% compared to the full year 2017. This increase is mostly organic due to the fact that we disposed our payment unit and acquired assets from Trion Worlds Inc. at the end of the year, so that the M&A impact on the revenues is low.
- EBITDA amounted to 11.0 mEUR (2017: 7.0 mEUR), which is an increase of 56%. The EBITDA has increased due to more efficient operations in 2018 -including e.g. further consolidation of datacenters- and the successful acquisition in October 2018, even though having a substantial amount of transaction and M&A costs due to the acquisition and the disposal of our payment unit.
- Adjusted EBITDA amounted to 13.3 mEUR (2017: 10.5 mEUR) which is an increase of 28%.
- EBIT developed well and increased to 2.4 mEUR (2017: -3.4 mEUR).
- The net result for the year amounted to 1.6 mEUR (2017: -5.0 mEUR).
- Operating Cashflow amounted to 9.6 mEUR (2017: 3.8 m EUR), which is an increase of 152%.
- As of December 31, 2018, cash and cash equivalents amounted to 4.2 mEUR (December 31, 2017: 1,0 mEUR).
- The net leverage ratio has improved substantially and was 2.1 as of December 31, 2018 compared to 3.6 as of December 31, 2017, which reflects a strong deleverage of 42%. Net leverage based on 2018 adjusted EBITDA of 13.4 mEUR would be 1.7 compared to 2.1 for the reported EBITDA figure.
- The interest coverage ratio has improved by 87% and was 5.6 as of December 31, 2018 compared to 3.0 as of December 31, 2017.
- On October 11, 2018, gamigo AG issued a senior secured corporate bond amounting to 32 mEUR under a 50 mEUR framework. The bond will mature on October 11, 2022 and carries a floating rate of Euribor 3m + 7.75%. The bonds are listed on Nasdaq Stockholm and Frankfurt Stock Exchange.
- On October 22, 2018, gamigo acquired major assets from Trion Worlds Inc., a leading US gaming company with offices in Silicon Valley and Austin, publishing and developing online and console MMO-games, including well-known games such as Rift, Defiance, Trove and ArcheAge. Integration, optimization and lowering cost levels have started; we already released content updates for the games and reduced the number of datacenters.
- The acquisition of the Trion assets strengthens gamigo's position as a leading European and American gaming company. Through substantial synergies with the existing business, the acquisition harbours potential for a significant increase in revenue and EBITDA in 2019.
- During 2018 progress was made on the consolidation of the technical backend structure of the group; the number of data centers and backends was noticeably reduced and mostly replaced by cloud solutions, leading to a clear reduction in maintenance costs and cost of ownership, as well as better manageability and scalability.
- The number of Monthly Active Users of our Top 10 MMO's has increased from 421 thousand to 1.390 thousand, which is an user increase of 230%.

Defiance 2050



ArcheAge

THE FOURTH QUARTER OCTOBER – DECEMBER 2018

- Net revenues amounted to 13.5 mEUR (fourth quarter 2017: 10.7 mEUR); which is 26% net revenue growth.
- EBITDA amounted to 3.4 mEUR (fourth quarter 2017: 1.6 mEUR), which is an increase of 112%.
- Adjusted EBITDA amounted to 4.7 mEUR (fourth quarter 2017: 1.9 mEUR), which is an increase of 147%.
- EBIT amounted to 0,8 mEUR (fourth quarter 2017: -3.1 mEUR).
- The net result for the period amounted to 0,7 mEUR (fourth quarter 2017: -3.4 mEUR).
- B2C Games Segment: In the fourth quarter 2018, the exclusive publishing rights to the successful titles such as RIFT, ArcheAge, Trove and Defiance were acquired for Europe and America. Following the successful acquisition of the Trion Worlds assets, gamigo released extensive updates for the MMO's Trove and ArcheAge and drove organic revenue growth post acquisition.
- B2B Advertising and Media Segment: Mediakraft Group successfully continues the partnerships with leading game companies such as PUBG with substantial media budgets. In Poland, the Mediakraft Group is expanding its high margin international production services.

EVENTS AFTER THE YEAR

- gamigo AG received binding offers from UniCredit Bank AG and Commerzbank AG on unsecured working capital facilities to secure additional liquidity and flexibility to move fast on its growth path.

SELECTED KEY PERFORMANCE INDICATORS, GAMIGO GROUP

EUR 000's	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net Revenues	13,503	10,713	45,275	42,082
YoY Growth in revenues	26%	7%	8%	8%
EBITDA	3,412	1,612	10,991	7,034
EBITDA margins	25%	15%	24%	17%
Adj. EBITDA	4,740	1,915	13,349	10,459
Adj. EBITDA margins	35%	18%	30%	25%
EBIT	815	-3,089	2,371	-3,357
EBIT margins	6%	-29%	5%	-8%
Net Result	651	-3,355	1,547	-4,991



A Word from Remco Westermann, CEO

USERS INCREASED BY 230% AND Q4 EBITDA BY 112%

"The fourth quarter was a great final of the successful year 2018. While already having a good year, with the acquisition of the assets of Trion Worlds in the fourth quarter we have again made a major acquisition and also proven once more that our unique consolidation strategy and platform works. The successful acquisition of the Trion assets in October 2018 and the subsequent integration of Trion into our portfolio substantially strengthens gamigo's position in the European and American gaming market. As part of the acquisition we added 4 synergetic and successful brands and games -ArcheAge, Devilian and Rift and Trove- to the already broad gamigo portfolio, also, we added various other new assets, a large player base and know how. Due to organic user growth and the Trion acquisition Monthly Active Users of our Top 10 MMO's increased by 230% YoY.

While our focus was on publishing online MMO's we now also added console MMO's. This is opening up substantial new growth potential for the company, as with adding console porting know how, we are also able to port several other gamigo games to consoles, which will add further revenue growth. Also the acquisition adds revenue and as such further critical mass and will after realizing the synergies make the gamigo group even more efficient. Also the newly added -mainly US- game-player base has great synergies with our other players, enabling a stronger position of the gamigo games in the US as well as more players of Trion games in Europe. As a result of the acquisition app. 50% of our revenues is now generated in the North American markets. The substantial assets of Trion Worlds were acquired out of an assignment for the benefit of the creditors process. Trion was having financial difficulties due to very strong focus on new product development. As part of the process we were able to structure the deal in a way that we only took over profitable parts. We hired over 50 employees from the Trion Team and now also have offices in Austin (Texas) and Redwood City (California).



Another milestone in 2018 was the issue of our EUR 32 mn Bond under a total framework of EUR 50 mn which gives us the flexibility to move faster on our growth path. As part of the process we listed our corporate bond at the regulated segment of NASDAQ Stockholm. Through the listing gamigo has now access to the very strong Nordics capital markets which also in the future will allow us to raise capital efficiently for further M&A, stimulating our market consolidation strategy. Furthermore, the listing of gamigo's Bond on a regulated

capital market also guarantees transparency for our investors due to high reporting standards, also this will have a positive effect on gamigo's image and valuation. A great moment was the listing ceremony at Nasdaq Stockholm to celebrate the placement.

Overall 2018 was a good and successful year for gamigo. We improved our team and skills and also invested in further professionalization. On the technology side we made large progress and managed to bring almost all our services into the cloud, based on our datacenter consolidation process that started in 2016, reducing 16 datacenters to one datacenter with most games and services in the -much more cost efficient and scalable- cloud. We also had to realize however that based on our strategy, consolidation is a continues process, as due to the Trion acquisition we again added new datacenters that will be consolidated. Also, with the integration of back-end we made good progress integrating several in 2018 and planing to have gamigo's backends -including the new Trion back-end- integrated into one single back-end by the end of Q3 2019. Both technical projects are creating huge efficiency and quality gains as well as substantial savings. Also, on the organization side we managed in 2018 to become leaner and more efficient even though the total number of employees grew to more than 350 based on the Trion acquisition. On the B2B side we worked on closer cooperation and integration of our advertising and mediacompanies Mediakraft and Adspree. Also there was a clear change of strategy putting more focus on the agency business and the advtising channels including an extention of the sales team and putting less focus on own video channel content production.

Both the Bond and the Trion acquisition will have positive effects on our further growth and give the Group a great start into 2019 with revenues at a new, higher, level. In 2019 we will continue to work on integrating the Trion Worlds acquisition as well as on realization of joint synergies.



Rift



The great fourth quarter of 2018 also is a good and strong bases for further profitable growth in 2019. We will further pursue our successful platform strategy. The additional funds from the bond in combination with our positive cash generation from operations will allow further M&A transactions that will be integrated on our platform. We are planning to further continue to acquire game publishers with established and proven games and the developers of those games which provide us with a favorable risk/

reward. Those acquisitions are a balanced and capital efficient way of expanding our portfolio. On top we have a healthy pipeline of upcoming launches of licensed games, that -even though in line with the hit driven characteristics of the market several will fail- will lead to new successful titles driving further growth of our company.

The mostly organic revenue growth of 8% in 2018 and further cost improvements resulted in a good result, further proving and continuing our good track-record of the last years. The increased revenues in combination with the integration of newly acquired Trion as well as new game launches on our platform will further increase our efficiency.

Realizing that we are running our company a bit different compared to most other game companies; with strong focus on predictable M&A based growth in combination with a limited annual number of -more risky- game launches, while completely refraining from the very risky and capital intense new game development, I would like to thank our Bondholders, Investors, Partners and Team for their trust. Based on a large pipeline of M&A targets as well as a well filled pipeline of (licensed) games to be launched, in combination with our already great assets and team, I am confident that we will continue our profitable fast path of growth also in 2019 and the years thereafter, towards becoming one of the Top MMO game publishers in Europe and North America," says Remco Westermann, CEO of the gamigo Group.



FINANCIAL PERFORMANCE, 2018

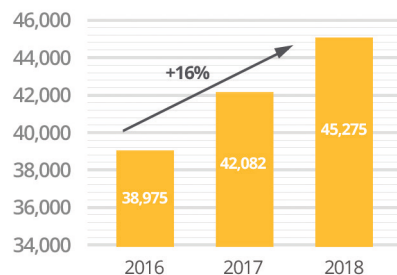
CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

The year 2018 showed as well as previous years strong revenue growth. Net revenues increased in 2018 to 45.3 mEUR (2017: 42.1 mEUR) which is an increase of 8%. The increase pertains mainly to organic revenue growth due to the fact that revenue development from M&A in 2018 was balanced due to selling our payment unit in Q1 and acquiring the assets of Trion Worlds Inc. in Q4 of 2018. Net revenues for the fourth quarter 2018 amounted to 13.5 mEUR, an increase of 26% versus the corresponding period of the previous year (fourth quarter 2017: 10.7 mEUR).

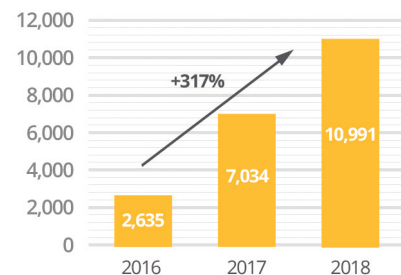
The EBITDA amounted to 11.0 mEUR (2017: 7.0 mEUR) for the full year which is an increase of 56%. The EBITDA margin also improved substantially to 24% (2017: 17%). Reported EBITDA has increased – despite a negative impact from the sale of the payment unit (kEUR 298) and additional charges for financing, transaction, legal and IT restructuring costs – in 2018. The increase is based on more efficient operations of the daily business of the gamigo Group and the successful acquisition of Trion. Adjusted EBITDA excluding the 2018 one-time costs of 2.4 mEUR amounts to 13.4 mEUR (2017: 10.5 mEUR), which is an increase of 28%. Reported EBITDA during the fourth quarter 2018 amounted to 3.4 mEUR (fourth quarter 2017: 1.6 mEUR) and increased by 112%.

The EBIT during 2018 increased to 2.4 mEUR (2017: -3.1 mEUR). Net result was positive with 1.6 mEUR (2017: -5.0 mEUR).

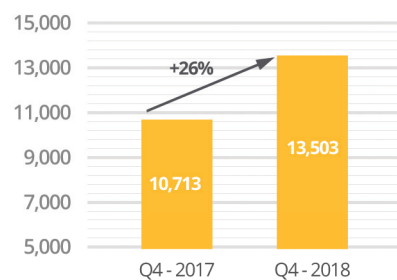
Net Revenues



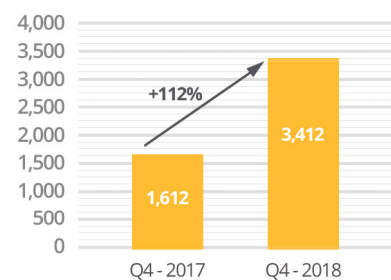
EBITDA



Net Revenues Q4



EBITDA Q4





CASH FLOW AND FINANCIAL POSITION

Cash flow from operations in 2018 was 9.6 mEUR (2017: 3.8 mEUR), which is an increase of 152%. The corresponding number for the fourth quarter 2018 is 2.5 mEUR (fourth quarter 2017: 1.9 mEUR). Equity ratio as of December 31, 2018 was 30% (December 31, 2017: 40%), due to increase in long-term debt. Cash and cash equivalents for the Group at the end of the year were 4.2 mEUR compared to 1.0 mEUR as of December 31, 2017. The interest coverage ratio of 5.6 as of December 31, 2018 showed a substantial improvement by 87% versus the 3.0 on December 31, 2017. The leverage ratio on December 31, 2018 with 2.1 also improved by 42% compared to 3.6 on December 31, 2017. The improvements are due to the fact that the profitability of the gamigo group has substantially increased while also paying back more than 4.7 mEUR in interest bearing debt in H1 2018.

INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

During the year investments in strategic development of product and platform (personnel expenses) have been capitalized with 4.2 mEUR (2017: 3.6 mEUR). Investments include structural improvements of the IT-Plattform, game launches as well as improvements in a.o. the existing games: ArcheAge, Trove, Aura Kingdom, Twin Saga, Fiesta Online, Last Chaos and Desert Operations. During the fourth quarter 2018, investments in product and platform development (personnel expenses) of 1.2 mEUR (fourth quarter 2017: 0.9 mEUR) have been capitalized. In relation to net revenues, these investments in 2018 amounted to 9%, which was the same percentage as in the corresponding previous years period.

Depreciation and amortization amounted to 8.6 mEUR in 2018 (2017: 10.4 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 year 2018, the Group increased its intangible assets (capitalized product development costs and IP rights) based on its further growth and M&A activities by 20.2 mEUR. The Group's non-current liabilities increased by 24.9 mEUR, largely based on a change of long-term liabilities due to the bond issue in 2018.

Ironsight



Desert Operations

EVENTS IN THE BUSINESS SEGMENTS, FOURTH QUARTER 2018

B2C GAMING SEGMENT

The gamigo group offers over 30 Massive Multiplayer Online Games (MMOG's) and over 500 casual games. These include various roleplay, strategy and shooter MMOG's, e.g. ArcheAge, Aura Kingdom, Grand Fantasia, Fiesta Online and Trove, which have been on the market for many years now. These games, if maintained well, with optimised marketing and regular improvement of the game content, have a lifetime of more than 10 years. On a regular bases, mostly once per quarter we release substantial content updates to keep the players engaged and entertained. In the fourth quarter we released e.g. with ArcheAge and Trove some major updates which drove substantial organic revenue growth in these games. Below you find an overview of some of our game updates:

ArcheAge: Big Update "Relics of Hiram" offers a new Zone and Skill Set

Players of the highly successful sandbox-MMORPG ArcheAge, that was recently added to the gamigo portfolio as part of the acquired Trion Worlds assets, are now able to explore the new zone "Western Hiram Mountains". The new Update also added a 3rd Tier for the Hiram Guardian Equipment and an Ancestral Level expansion of up to level 34.

Aura Kingdom: New Awakening-Patch offers additional content and features

The latest update for the Anime-MMORPG Aura Kingdom rewards advanced players with new features, a higher level-cap and new maps and dungeons. By reaching the level-cap, players now automatically receive a quest which grants them the "awakened" status. Players get an exclusive character banner and several new features. Due to the continuous updates provided by gamigo, Aura Kingdom has a strong player base and offers a large and colourful game world to be explored.

Grand Fantasia: 3rd "Grand Fantasia World Tournament"

On October 20, 2018 the preliminary round for the PvP World Tournament of the MMORPG Grand Fantasia started. Aeria Games, a subsidiary of the gamigo group, organized the popular tournament for the third time. The final has been streamed live online, attracting a great number of viewers. The winners received attractive prizes.

Trove: Major "Crystal Combat" Update released on PC

Following the successful acquisition of the Trove game assets, gamigo released an extensive update for the adventure MMO Trove, containing three challenging procedurally-generated topside worlds. The monsters of the game world are stronger now, and players must gain new Crystal Equipment and Cosmic Gems to overcome their opponents.

Twin Saga: Large Patch introduces five new Dungeons

The recent patch for the well-established Anime-MMORPG Twin Saga offers numerous new dungeons and additional companions for the players which can be achieved through individual Quests. Players can prove themselves on the new PvP-battlefield or search for items in the newly added treasure hunt. Two additional levels of difficulty, "Hard" and "Nightmare" challenge the players and extend the long-term engagement in Twin Saga.

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- and product marketing. The most important activities in this field are located 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 and adspree were recently combined under the roof of the Mediakraft Group. As a advertising and media Group we put great efforts into continuously optimizing our product portfolio and using broad as well as service specific synergies between our brands and their respective fields of expertise. We have shifted focus from production to a more marketing and sales-oriented offer for B2B clients. Our goal is to provide and create a holistic marketing service setup and approach, thus we constantly thrive to expand our portfolio of marketing, advertising, strategy and consulting across a widespread variety of channels, formats and services.

Adspree Media

Adspree media has in the fourth quarter focussed on the seamless interaction of existing business models and the integration of the newly implemented agency services. The twin economic emphasis is to embrace the successfully operating game portals and affiliation marketing sector while generating more revenue through more focus on the agency business.

Adspree media has successfully continued the partnership with "Playerunknown's Battleground" (PUBG) beyond the popular "PUBG Global Invitational 2018" 360-degree campaign and performed in Q4 2018 the release campaign of the PUBG game title for the PlayStation4 platform. With a substantial media budget, advertising measures were rolled out in the period from November to December 2018. In view of the recent increase in competition in the Battle Royal gaming space and the cross-genre range of high-quality game titles for holiday season, the challenge was to generate visibility, stand out from the crowd and generate sales in this fiercely competitive environment. Thanks to the meticulous conception and realisation campaign, PUBG ultimately ranked second among the top downloads for December in EMEA.

Mediakraft Germany

Within 2018 Mediakraft's business model evaluated and as a result the former production house has been refocussed into a marketing/sales services specialist for influencer-, video and social media.

Mediakraft has evaluated it's entire portfolio in terms of investment and profitability. In the process the "Owned and Operated" production division has been restructured, discontinuing unprofitable O&Os such as "So geht das". The production of the remaining, promising O&O formats is based on a new, risk-minimized and efficient business model, where Mediakraft collaborates with external partners operating on a revenue share model.

With #MOVE2 on TikTok we have expanded our video on demand production portfolio with a strong progressive format on one of the fastest growing social platforms. With our high conceptual and production quality we created a contemporary original on an new platform. By cooperating with FUNK, the digital content network of ARD and ZDF, we have gained a strong partner for this new and innovative concept.

In 2018 several new customers have been acquired, in November 2018, Mediakraft e.g. started working with the online payment service PayPal. Mediakraft took over the conception and realization of their influencer campaign for the launch of the mobile NFC payment method.

Mediakraft International

In Poland Mediakraft expanded its high margin international production and outsourcing services. Also in Poland the general strategy of reducing the fixed and production costs, by retiring most of our polish O&O channels was implemented.

In Turkey the focus in 2018 was to create and produce longer videos. As a result, the views decreased while revenues increased. Also there was a further shift of focus towards video content for children in line with good earlier results in this area where entertainment videos have a longer lifetime resulting in more revenue over time.



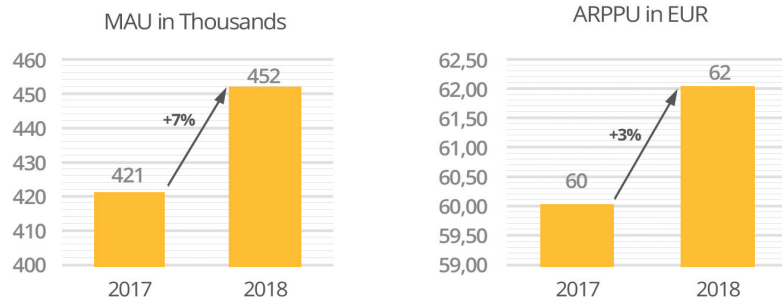
OPERATIONS AND STRATEGY

SUBSTANTIAL USER GROWTH IN A YEAR OVER YEAR PERSPECTIVE

When looking at the development of the key performance indicators of the top 10 MMO's in the gamigo portfolio 2017 to 2018 we can clearly see that the acquisition of the Trion Worlds games has lead to a big increase of these KPI's. To provide a clear resume of the development of the last year it is obligatory to split the review of the top 10 MMO's into an overview including as well as excluding the portfolio of the former Trion Worlds products.

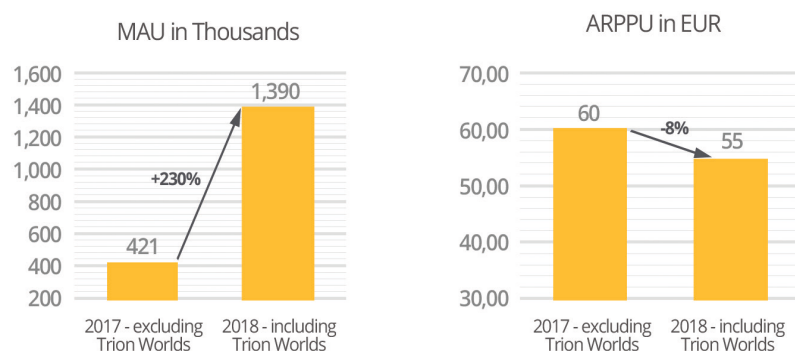
Main KPI's excluding Trion

The analyses of the activity of our players on a monthly basis over the course of 2018 clearly shows that the upwards trend of the former years could be continued. In the year over year comparison 2017 to 2018, the number of Monthly Active User increased organically by 7.4% while the Average Revenue per Paying User increased by 3.4%. Following our philosophy, a reliable and stable community management is key to a loyal and satisfied player base. The solid sustainable growth of the last years confirms that gamigo's decision to strengthen this part of game management has been one of the reasons of its success. Keeping players engaged and entertained is a main factor when it comes to long-term motivation which also increases the chance to convert active players into paying players. Compared to the previous year, the average amount spend on monthly purchases of our paying players grew by 3.4% and provides a stable and long-lasting effect.



Main KPI's including Trion

With the acquisition of the Trion Worlds assets the list of our top 10 titles has changed due to some of the Trion titles generating more revenues than the former top 10 games. Based on a year over year comparison of the key performance indicators the monthly active players massively increased by 230%. The former Trion Worlds games have a high reach on the strong and large US market. With its growing number of active players gamigo is continuing to extend and improve the community management as well as its customer support to be prepared for an increasing amount of player demands. While the number of active players per month has more than tripled, the average height of monthly spendings per player has slightly decreased. As the ARPPU from the gamigo games excluding the Trion Worlds increased between 2017 and 2018 the small decrease including Trion is due to the lower ARPPU in the Trion games. This poses an opportunity; gamigo is now concentrating on transferring the knowledge of increasing the ARPPU of the Trion Worlds games. Also there is focus on utilization of the synergies of the massively increased user base. In the past the Trion Worlds games have not been published to its full potential in Europe. Vice versa the gamigo portfolio still shows untapped potential in the US market. By using these potentials gamigo will be able to strengthen current revenue streams and add new revenue streams in the near future.





GAME PUBLISHING STRATEGY

The gamigo group is targeting to become one of the leading online games publisher in Europe and North America. The most important growth drivers are acquisitions of companies and assets in this segment, and game launches of licensed games. Since 2014, gamigo has taken over more than 20 assets and companies, the majority of which are in the game publishing sector.

To reduce the risk of unsuccessful game launches, the gamigo group prefers to acquire game licences by taking over companies or significant assets from third companies that already offer games that are established in the market and so already have a substantial customer and revenue base. In addition, gamigo launches new game licences, in most cases based on exclusive licenses for Europe and/or USA. Here, the financial risk is minimised by generally making only small investments in the licences to begin with, and increasing the marketing budget only once the new games have fulfilled certain minimum criteria. Based on its current size gamigo is not taking the risk of developing new games, as the development of new games is expensive, ties a lot of capital, while it has a substantial launch risk.

The so-called free-to-play Massively Multiplayer Online Games account for the most important share of turnover in the portfolio of the gamigo group. Free-to-play means that the consumers fundamentally play free of charge but for a fee can acquire goods (so-called "items") that increase the enjoyment of the game and/or facilitate faster success, e.g. through adding new equipment or new functions for the game characters. Thanks to this business model, the turnover 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 frequently 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 fixed games communities (so-called "guilds" or "clans"), in most cases, the users play a game over several years. Within the MMOGs, there is a technical difference between browser games (games are played in the browser online), client games (games that are first (partly) downloaded and where the client is saved on the PC, where while playing the game, the 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 gamigo portfolio includes many -mostly more casual- 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 gamigo group has a substantial selection of MMOGs, especially in the categories of anime and fantasy role play, strategy and shooter games. The casual games that are also marketed by the gamigo group typically are simpler games which are not that intensive and are mostly played only for a short period of time (these normally comprise puzzles, quizzes and skill games). The gamigo group has a wide portfolio of well over 500 casual games.

To stay on track with the vivid games market gamigo is constantly looking for new titles that are a good addition to gamigo's portfolio. Apart from further acquiring game companies and/or game assets gamigo is also putting stronger emphasis on launching new -licensed- games. Our game licensing sourcing pipeline is constantly updated and until the end of 2018 we have been evaluating several hundred games for their potential. The broad spectrum of games being available in the market needs a thorough selection to align with the interests of our customers and the strengths of our platforms and to reduce the financial risk of launch failures. Therefore, we have defined a set of key aspects that should be met in order to be published successfully in line with thoroughly testing games before we sign up new licences.

Our main targets are mid-core to hardcore free-to-play MMOG's in a anime, fantasy or science-fiction setting, but we are also open to games with e-sports potential like first person shooter and strategy games. Since several successful game hits on the market were based on completely new game mechanics, styles and settings we are also considering titles aside of our main focus and evaluate them for their potential.



Further sub-licence launches with local partners in Asian markets

Together with local publishing partners we are planning to launch a selection of our game titles in Asian markets. Via sublicensing Last Chaos was launched in Asian markets in 2018, further titles are planned for 2019. Trove, which is already successfully published in China on PC by Qihoo 360 and in Japan on PS4 by DMM, will experience further releases in SEA markets, predominantly Thailand, and new platform launches in existing markets, i.e. PC in Japan. Rift Online will also be reintroduced into these markets. This title has been previously introduced to the Asian markets under a different business model, which wasn't as suited for the local markets and target groups, but as a free-to-play MMORPG of high quality, it promises to create long-term revenue streams from this region. This further facilitates organic growth through the existing portfolio.

Game sourcing pipeline

The game sourcing pipeline of the gamigo group hasn't only been optimized to further ensure the high quality of potential launch titles, but the whole process has also been interdisciplinary streamlined, so that there are currently a lot of titles in various stages of this process. The game projects that are in advanced negotiations show a lot of potential through combining proven mechanics of highly successful online game with a high product quality and a healthy number of innovations. However even with good pre-selection game launches are risky, due to the hundreds of titles that are being released each year. Based on gamigo's large customer base and access to efficient and cheap media via its B2B advertising and media companies, gamigo has a substantially lower invest per game launch, also being prepared to quickly shut down games that don't meet the demands of the customers and don't meet the commercial criteria.

UNIQUE CONSOLIDATION PLATFORM WITH OWN MEDIA FOR USER ACQUISITION

The gamigo Group has been driven its growth towards more critical mass by means of market consolidation. Since 2014, gamigo has acquired a total of more than 20 assets and companies. A substantial part of the acquisitions were distressed companies or the main assets of those companies, partly leading to substantial one time costs, but generally also leading to a much fast pay-back of the acquisition. Part of gamigo's success is based on strict consolidation of the acquired companies, substantially reducing their cost base. During 2018 large progress was made on the consolidation of the backend structure of the group, substantially reducing the number of data centers and replacing them by cloud solutions, leading to a clear reduction in maintenance costs, cost of ownership, and better manageability and business intelligence and data-analyses.

Further development is focussed on various platform components (e.g. account system, billing systems, reporting) and on portals. The aim here is to further improve customer experience, efficiency, reliability and scalability and also to provide the systems for third parties on a SaaS bases. The further development of gamigo's owned game titles is done in game studio's that are integrated into the publishing division, in order to better exploit the synergy effects, and to use the human resource capacities across multiple titles.

Launching new games on the market constitutes a great risk because there are already many games with players who have been loyal to these games in the long-term, while on the other hand many games continue to be launched every month. In order to reduce the risk of a lack of acceptance for the games offered on the market, the gamigo Group prefers to acquire games licenses by acquire companies that offer games that are already established on the market and have a firm customer and turnover basis. In addition, the gamigo Group also acquires new game publishing licenses of games that are ready to launch. Here, the gamigo Group strives to keep the risks low by usually only making low investments beforehand in licenses and not increasing the marketing budgets until the new games meet certain minimum criteria, e.g. user numbers and turnover in the game. gamigo has a large registered customer base and a good reputation and gets as a result also access to more attractive game licenses. Games that were launched or acquired but did not fulfil the expectations expire or are discontinued. Since 2016, gamigo has also invested in Intellectual Property (IP) and development rights, and for approximately half of its ten bestselling games gamigo has also been able to acquire the worldwide IP and development rights and is continuing with the development of these games within the company. This also has the great advantage that the influence on the games development greatly increased and the games can be better and more cost-effectively optimized.



Fiesta Online

The acquisition of new players for the games offered by the gamigo Group is done via measures in the company's own customer base (e.g. e-mail, cross-selling) and on own portals such as gamigo.com and aeriagames.com. In addition, the company's own games are marketed via the B2B advertising companies of the gamigo Group (adsfree media GmbH and Mediakraft group) and, among others, on their portals such as mmogames.com, browsergames.de or through other advertising measures. The gamigo Group also works in the sales of its games with a large number of customer acquisition and sales channels of third parties (among others, partner websites, TV broadcasting companies, print media, telecommunications providers and marketing partners).

STRATEGY FOR ORGANIC AND M&A GROWTH

1

Market consolidation via active M&A

- 20+ successful acquisitions as well as integration
- Large-scale transformational acquisitions of aeria games and Mediakraft
- Executing further M&A pipeline in Europe and North America

2

Actively launching new online and mobile games

- Strong distribution reach in Europe and North America (customer base + portals)
- Extensive experience with porting and localization
- Strong media expertise, both internally in the B2C unit and with subsidiaries Adsfree & Mediakraft
- Launching 3-6 games per year

3

Organic revenue growth through active platform management

- Customer satisfaction is key; focus on game management and improvements (own studios)
- Also opening the B2B companies, platform and network for third parties, lead generation and in the future also more

4

High cost discipline and synergy realization

- Strong track record in turnaround and cost-optimization of acquired assets
- Strong cost-optimization with a decrease in OPEX
- Focus on low-capex, no new game development exposure

Building the leading gaming platform of the western market

Our four-step model of growth through M&A, actively launching new games, organic revenue growth through active platform management and synergy realizations works very well. **This is also reflected in net revenue growth rate of 16% with an EBITDA growth rate of 317% from 2016 to 2018.** Our unique consolidation platform allows us fast further growth on our path to become the leading gaming player in the western market.



Grand Fantasia

OUR VIEW ON THE GAMING MARKET

The gamigo group has a broad portfolio of online games, including especially roleplay games, shooter and strategy games. The group is also characterised by a portfolio of casual games and platform services with a special focus on advertising, media and SaaS services. It markets its products and services worldwide, with an emphasis on Europe and North America. In the online games market, the gamigo group concentrates particularly on free-to-play titles, where the players can play free of charge but spend money in order to progress more quickly or to acquire exclusive or special virtual items.

The market for digital games has been a growth market for years and it is expected to remain this way in the future. According to Newzoo in 2017, the worldwide gaming market volume was USD 121.7 billion, while in 2018 it was already USD 134.9 billion. This reflects a growth of +10%, placing it well above global economic growth. The gaming market has been growing at fast pace now for many years and has become larger than the markets for movies and music together.

The fast growth of the market for mobile games further continues; the proportion of turnover generated by mobile games increased in 2018 to 47%, according to the information provided by Newzoo. Remarkably, the growth in mobile gaming will not significantly affect the revenues from the PC or console gaming market, as also those segments are showing further growth. The turnover for the PC games segment grew by +3.2% in 2018 compared to 2017. The turnover in the consoles segment also grew by 15.2% between 2017 and 2018.

The games industry is characterized by a large diversity of products. The most common genres include action games, simulations and arcade games followed by puzzles, adventures, casual games and strategy games. Due to the strong pressure of competition, the games market is hit-oriented: many games on the market are discontinued after a short period of time; only a few have a long lifetime. Games with a good reputation, in the experience of the gamigo group, can continue in the market for 10 years or longer. This is shown not only by gamigo-owned titles, such as Fiesta Online (2006) or Grand Fantasia (2009), but also by competing products such as Eve Online (2003) or World of Warcraft (2004). Globally, companies in the gaming market generate turnover and profit via various business models, including the sale of games or game apps, the sale of virtual objects (so-called items), the sale of games subscriptions and the placement of advertisements in the games. The bulk of the turnover within the game market is generated by selling virtual items and from premium cash (micro-transactions). The game portfolio of the gamigo group consists mainly of games based on the freemium micro transactions business model, also known as the free-to-play model.

The German market for computer and video games is also growing and is expected to continue to grow continuously: Overall, according to the information provided by the Federal Association of Interactive Entertainment Software (BIU), computer games, video games and mobile games are popular across all social classes. Players transcend all age and income boundaries.

In particular, the market for online games is still growing, as described above. The mobile gaming sector is most heavily represented here, with 2018 as a year, despite the growth in turnover, being notable for clearly falling publishing figures. For example, in 2018 app. 21,000 games were published for iOS compared to app. 42,000 in the previous year. The number of game titles in the Google Play Store decreased; by the third quarter of 2018, the number of game apps on offer had fallen by more than half versus the year before. There is a clear trend toward consolidation in the market, and a shift by customers towards quality over quantity.

With the growth in the digital games market, customer acquisition takes on an ever more significant role. In addition, alternative channels are becoming ever more important, given the growing costs of classic affiliate marketing. Especially influencer marketing, i.e. publishing of product presentations by known Streamers/Youtubers, has become more important in influencing youngsters when choosing which games to play. For reaching adults and youngsters, banner and video ads on social media pages are still a very effective method of customer acquisition, because with targeting, the advertisements can reach the appropriate target group. Product placement in games is also a very effective method of customer acquisition, because in this way the appropriate target group can be addressed directly, and at best, the impending loss of a gamer to another product on offer from the company's own portfolio can be prevented, or for referring the player to a competing product a final fee can be charged.



In addition, the importance of analytical and technological skills is becoming increasingly significant in marketing in order to provide performance-oriented campaigns. Particularly fraud tracking and fraud prevention and the attribution of leads to influencer or TV campaigns deserve a mention here; as they permit optimisation of the overall campaign.

The market for influencer marketing is growing. The JOM agency group, in Hamburg, assumes in their forecast for the net advertising market in 2019, an increase to EUR 24 billion. One of the largest drivers for growth in the advertising sector is influencer marketing. German companies are estimated to be ready to spend half a billion euro on influencer marketing in 2019. According to a survey by the Bundesverband Digitale Wirtschaft e.V. (Federal Trade Association for the Digital Economy) 61% of German social media and influence marketing managers are planning increased budgets in 2019 for influencer marketing. An important growing trend is towards niche influencers; 63% of the surveyed companies rely more on influencers with a smaller reach and a higher engagement rate. A 2018 research by Goldmedia forecasts growth in the influencer market in the DACH region to 1 billion euro of revenues by 2020.

The gamigo Group has shown fast, sustainable and profitable growth over the last years. The game publishing activities with a broad games portfolio of large MMO's and many smaller casual games in combination with the synergetic advertising and media companies are a good bases for further growth driven by (licenced) games launches as well as further M&A. Based on the very competitive landscape, many smaller game companies are under pressure and also often for sale. With our unique consolidation platform, we are well positioned to acquire these competitors for a relatively low multiple and as a result grow faster than the market in the next years.

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

EUR 000's	Note	31 Dec 2018	31 Dec 2017
Intangible assets	2, 3	67,687	47,467
Property, plant and equipment		4,003	1,691
Financial assets and other assets		9,828	7,611
Long-term assets		81,517	56,770
Trade and other receivables		8,937	9,004
Cash and cash equivalents		4,156	1,021
Short-term assets		13,092	10,025
Total assets		94,609	66,794
Equity attributable to shareholders of the parent company	6	28,744	26,847
Non-controlling interest		-51	-119
Total Equity		28,692	26,728
Long-term liabilities	4	39,769	14,918
Short-term liabilities	5	26,147	25,149
Total liabilities and equity		94,609	66,794

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

EUR 000's	Note	Oct-Dec 2018	Oct-Dec 2017	Jan-Sep 2018	Jan-Dec 2018	Jan-Dec 2017
Revenues						
Net revenues	7	13,503	10,713	31,772	45,275	42,082
Own work capitalized		1,188	885	2,982	4,170	3,585
Other operating income		4,855	1,198	1,575	6,430	2,374
Total revenues		19,545	12,797	36,329	55,874	48,041
Operating Expenses						
Services purchased & other operating expenses	8	-11,067	-7,532	-18,675	-29,742	-27,095
Personnel expenses	9	-5,067	-3,653	-10,075	-15,141	-13,912
Total operating expenses		-16,134	-11,185	-28,750	-44,883	-41,007
EBITDA		3,412	1,612	7,579	10,991	7,034
Depreciation, amortization and write-downs	10	-2,597	-4,701	-6,023	-8,620	-10,392
EBIT		815	-3,089	1,556	2,371	-3,357
Financial result		-809	-473	-1,132	-1,941	-2,308
EBT		6	-3,562	424	430	-5,665
Income Taxes		644	208	473	1,117	675
Net Result		651	-3,355	896	1,547	-4,991
other comprehensive income		0	0	349	349	-59
Comprehensive income		651	-3,355	1,246	1,896	-5,050
of which attributable to non-controlling interest		-53	-7	26	-27	-8
of which attributable to shareholders of the parent company		703	-3,347	1,220	1,923	-5,042

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

in KEUR	Share capital	Capital reserve	Foreign exchange trans- lation adjustments	Retained earnings	Shareholders of the parent company	Non-controlling interest	Total
Balance as 1st January 2017	2,311	48,153	31	-18,606	31,889	0	31,889
Net result				-4,983	-4,983	-8	-4,991
Other result			-59		-59		-59
Other changes						-112	-112
Balance as 31st December 2017 / 1st January 2018	2,311	48,153	-28	-23,589	26,847	-119	26,728
Net result				1,547	1,547	-27	1,520
Other result			349		349		349
Other changes						95	95
Balance as 31st December 2018	2,311	48,153	321	-22,042	28,744	-51	28,692

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, GAMIGO GROUP (unaudited)

EUR 000's	Note	Oct-Dec 2018	Oct-Dec 2017	Jan-Sep 2018	Jan-Dec 2018	Jan-Dec 2017
Cash flow from operating activities		2,489	1,857	7,092	9,581	3,801
Cash flow from investing activities		-5,848	-1,480	-1,108	-6,956	-8,728
Cash flow from financing activities		11,695	-704	-6,228	5,466	-868
Cash flow for the period		8,336	-328	-245	8,091	-5,795
Cash and cash equivalents at beginning of period		-4,180	-3,608	-3,936	-3,936	1,859
Cash and cash equivalents at end of period		4,156	-3,936	-4,180	4,156	-3,936

SELECTED EXPLANATORY NOTES

NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

This gamigo's year-end report 2018 (including the fourth quarter report 2018) has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated 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 full year and the fourth quarter 2018 report, the condensed consolidated financial statements, the accounting standards and interpretation have been used valid as of 1 January 2018. In this year-end report (including the fourth quarter 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, 2017 except for the new standards. gamigo decided to adopt the new leasing standard IFRS 16 early voluntarily as of January 1, 2018.

The consolidation scope of the condensed consolidated financial statements for the year ended December 31, 2018 did not change compared to the audited consolidated financial statements as of December 31, 2017, except for the following transactions and entities:

- deconsolidation of Mobile Business Engine GmbH, Hamburg in 2018 (see in detail Note 3 Disposals)
- foundation of gamigo US Inc. and the subsequent acquisition of the Trion business (see in detail Note 2 Intangible assets and acquisitions) in 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. The increase in other intangible assets is mostly related to the acquisition of the major game assets of Trion including the full publishing rights.

	December 31, 2018	December 31, 2017
	kEUR	kEUR
Goodwill	27,908	28,916
Other Intangibles	39,779	18,551

Acquisitions

gamigo Group has acquired the operating business (e.g. essential assets) of Trion Worlds Inc. ("Trion") by an asset purchase agreement, with TRION WORLDS (ABC), LLC, a California limited liability company dated October 22, 2018. Trion Worlds Inc. was a leading US gaming company who offered renowned online and console games for simultaneous playing by multiple players (so called Massively Multiplayer Online Games, MMO). In this process, gamigo US Inc. acquired the majority of the assets, including the platform, took over employees to operate the business and got the full publishing rights of the games. The acquisition was made public according to Art. 17 of Regulation (EU) 596/2014 on 22 October 2018.

The acquisition of Trion 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 2018. The results of the purchase price analysis will be recognized in the audited consolidated financial statements 2018 which will be published until the end of April 2019.

NOTE 3 DISPOSALS

On 1 March 2018, gamigo AG sold all its shares in Mobile Business Engine GmbH, Hamburg, including the shares in Trust Center Mobile Payment GmbH held by Mobile Business Engine GmbH with effect from 15 January 2018. This resulted in a loss of kEUR 298. The sale of this payment unit was a small, dependent part of the B2B business and did not constitute an own component in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

There were no other material sales or disposals in 2018.

NOTE 4 LONG-TERM LIABILITIES

As of December 31, 2018 gamigo Group disclosed long-term liabilities of kEUR 39,769 (December 31, 2017: kEUR 14,918). This increase is due to the realization our long-term financing strategy in 2018.

In October 2018, the gamigo AG placed senior secured bonds in the amount of EUR 32 million. The bonds, maturing in October

2022, bear a floating rate coupon of 3 months Euribor + 7.75%. The proceeds from the bond issue are being used to repay existing debt, finance further growth and M&A as well as other general corporate purposes. The bonds are listed on Nasdaq Stockholm and Frankfurt Stock Exchange Open Market.

NOTE 5 SHORT-TERM LIABILITIES

The short-term liabilities of gamigo Group are almost unchanged on December 31, 2018 (kEUR 26,147) compared to the last year-end 2017 (kEUR 25,149), however its structure changed. Whereas the last-year short-term financing liabilities were replaced by the long-term bond, the trade payables and other operating short-term liabilities increased in 2018 due and corresponding to the increased operations of gamigo Group in 2018.

NOTE 6 SHAREHOLDERS' EQUITY

As of December 31, 2018, the total shareholders' equity slightly increased to kEUR 28,744 (December 31, 2017: kEUR 26,847) due to the positive result of the business year 2018. The subscribed capital of the parent company gamigo AG (kEUR 2,311) and the capital reserves (kEUR 48,153) did not change during 2018.

No dividends were paid in 2018 nor any share-based payments nor other option plans were made or granted.

NOTE 7 SALES REVENUE

gamigo Group achieved in 2018 sales revenue of kEUR 45,275. The increase of kEUR 3,193 (2017: kEUR 42,082) was due to more sales in the B2C and the B2B business as well as the additional sales from the acquisition of Trion in the fourth quarter of 2018. The payment unit was sold in the first quarter of 2018 which constituted annual sales revenues of appr. 3 mEUR in 2017.

NOTE 8 SERVICES PURCHASED & OTHER OPERATING EXPENSES

For the business year 2018 gamigo Group disclosed services purchased and other operating expenses of kEUR 29,742 (2017: kEUR 27,095). The increase of kEUR 2,647 is due to one-time costs and increased cost of sales due to the Trion acquisition.

NOTE 9 PERSONNEL EXPENSES

The personnel expenses increased in 2018 by kEUR 1,229 to kEUR 15,141 compared to the prior year due to the increased numbers of employees. This increase is mainly due to the personnel costs of appr. 50 employees who are part of the Trion business acquired on October 22nd 2018.

NOTE 10 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs amounted in 2018 to kEUR 8,620 (2017: kEUR 10,392). The decrease is mainly due to the impairment charges of kEUR 951 in 2017. In 2018, no impairment charges were made, neither on intangible assets nor goodwill.

NOTE 11 OTHER DISCLOSURES

There are no new significant litigations or claims in 2018. After the balance sheet date December 31, 2018, gamigo AG received binding offers from UniCredit Bank AG and Commerzbank AG for unsecured working capital facilities to secure additional liquidity. No other reportable events took place until the date of this report.

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
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

Year End Report 2018	27 February 2019
Annual Report 2018	30 April 2019
Interim Report January-March 2019	30 May 2019

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 13:30 CET on February 27, 2018.

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, February 27, 2019

Remco Westermann, CEO



gamigo AG

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