



MTG Enters into Term Sheet with HUYA Inc. Regarding the Forming of a Joint Venture for China Esports Expansion and HUYA Investment into ESL

- Modern Times Group MTG AB (MTG) today announces the signing of a term sheet for a new strategic partnership with leading Chinese game live streaming platform HUYA Inc. (Huya).
- Pursuant to the term sheet, Huya has agreed to form a joint venture with MTG's portfolio company Turtle Entertainment GmbH (ESL), the largest esports company in the world, to facilitate expansion into China, and to acquire a minority interest in ESL. The investment size is USD 30 million made up of both primary and secondary shares.
- ESL and Huya plan to host and build local Chinese esports competitions connected to the global ESL tournament calendar to ensure maximum Chinese esports athlete participation on a global scale.
- As part of the transaction, ESL will issue new shares at a value of USD 22 million to increase capital to be used for further expansion, parts of which will be used by ESL to fund its pro rata part of the joint venture company.
- The terms of the transaction contemplated under the term sheet are binding. Both the joint venture and the acquisition by Huya of a minority interest in ESL are subject to customary confirmatory due diligence as well as the negotiation and signing of definitive transaction documents.

September 2nd, 2019 08.00am CEST — Modern Times Group MTG AB (MTG) today announces the entering into a binding term sheet and the forming of a strategic joint venture as part of a transaction that allows HUYA Inc. to acquire a minority stake in MTG's portfolio company ESL.

If completed, the transaction will further strengthen ESL's position as the leading and largest esports company globally, and the forming of a joint venture between ESL and Huya will create a natural alliance to facilitate expansion of ESL's offering in the Chinese market. The Chinese esports market in 2019 is expected to generate revenues of USD 210 million, overtaking Western Europe as the second-largest esports region globally in terms of revenues*.

Huya will acquire USD 30 million worth of primary and secondary shares in ESL at a pre-money enterprise value of ESL of USD 425 million. As part of the transaction, ESL will issue new shares at a value of USD 22 million to increase capital to be used for further expansion, parts of which will be used by ESL to fund its pro rata part of the joint venture company.

"We are pleased to establish a close partnership with ESL, which demonstrates Huya's further penetration into the global esports sector. Together with ESL, we are



thrilled to bring more world class global esports content to Chinese gaming enthusiasts,” says Rongjie Dong, Chief Executive Officer of Huya.

“We are excited to announce this term sheet for an important strategic partnership which provides us with a strong partner in Huya to pave the way for a successful ESL expansion into the thriving Chinese esports and gaming market in due time,” says MTG President and CEO Jørgen Madsen Lindemann.

Huya is a leading game live streaming platform in China with a large and active game live streaming community. The Company cooperates with esports event organizers, as well as major game developers and publishers, and has developed esports live streaming as one of the most popular content genres on its platform. The Company has created an engaged, interactive and immersive community for game enthusiasts of China's young generation. Building on its success in game live streaming, HUYA has also extended its content to other entertainment content genres. HUYA's open platform also functions as a marketplace for broadcasters and talent agencies to congregate and closely collaborate with the Company.

Founded in Germany in 2000, MTG's portfolio company Turtle Entertainment GmbH (ESL) has been developed into the world's largest esports company. It operates high profile, branded international leagues and tournaments such as ESL One, Intel® Extreme Masters, ESL Pro League and other top tier stadium-size events, as well as ESL National Championships. Through the Joint Venture ESL and Huya will build local Chinese esports competitions connected to the global ESL tournament calendar to ensure maximum Chinese esports athlete participation on a global scale.

The terms of the transaction contemplated under the term sheet are binding. The transaction is subject to customary confirmatory due diligence, as well as further negotiation of, and agreement on, complete transaction documentation and signing is expected to take place during the fourth calendar quarter in 2019. MTG – the majority owner in ESL - will retain majority ownership of ESL also following a completed transaction. The remaining shares in ESL are owned by the founders of ESL.

**Source: <https://newzoo.com/insights/articles/newzoo-global-esports-economy-will-top-1-billion-for-the-first-time-in-2019/>*

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This information is information that MTG is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 08.00am CEST on Monday September 2nd 2019.

About MTG

MTG (Modern Times Group MTG AB (publ.)) (www.mtg.com) is a strategic and operational investment holding company in esports and gaming entertainment. Born in Sweden, the shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB').

About Huya

HUYA Inc. (NYSE: HUYA) (www.huya.com) is a leading game live streaming platform in China with a large and active game live streaming community. The Company cooperates with e-sports event organizers, as well as major game developers and publishers, and has developed e-sports live streaming as one of the most popular content genres on its platform. The Company has created an engaged, interactive and immersive community for game enthusiasts of China's young generation. Building on its success in game live streaming, Huya has also extended its content to other entertainment content genres. Huya's open platform also functions as a marketplace for broadcasters and talent agencies to congregate and closely collaborate with the Company. For further reading visit <http://ir.huya.com/>

About ESL

ESL (www.eslgaming.com) is the world's largest esports company. Founded in 2000, ESL has been shaping the industry across the most popular video games with numerous online and offline competitions. It operates high profile, branded international leagues and tournaments such as ESL One, Intel® Extreme Masters, ESL Pro League and other top tier stadium-size events, as well as ESL National Championships, grassroots amateur cups and matchmaking systems, defining the path from zero to hero as short as possible. With offices all over the world, ESL is leading esports forward on a global scale. ESL is a part of MTG, the leading international digital entertainment group. about.eslgaming.com.