

Continued push on the strategic agenda

- Despite being impacted by the Coronavirus pandemic the esports vertical quickly adapted and ensured business continuity by rescheduling events and moving the Pro Tour online and delivering record viewership in the quarter
- The esports vertical continued to deliver further on the strategic agenda by signing the “Louvre” agreement with the best CS:GO teams in the world, and announced strategic agreements with Blizzard Entertainment, and PUBG Mobile
- The gaming vertical showed more resilience towards the Coronavirus pandemic impact in the quarter, with InnoGames in general and Forge of Empires in particular delivering quarter over quarter increasing Average Daily Active Users (DAU), ending the period close to an all-time high DAU

Q1 2020 financial highlights

- Net sales decline by 2 percent to SEK 924 (940) million
- Adjusted EBITDA of SEK -21 (37) million, including adjustments for Items Affecting Comparability (IAC) of SEK 3 (54) million, Long-term incentive (LTI) programs of SEK 32 (25) million and M&A transaction costs of SEK 13 (-) million
- EBITDA of SEK -69 (-42) million
- Operating income (EBIT) of SEK -142 (-110) million
- Net income from continuing operations of SEK -132 (-133) million
- Basic earnings per share of SEK -2.38 (-2.45)
- Net cash flow from operations of SEK -39 (-102) million

Financial overview

(SEKm)	Q1 2020	Q1 2019	Full year 2019
Continuing operations			
Net sales	924	940	4 242
<i>of which esports</i>	299	336	1 712
<i>of which gaming</i>	625	604	2 531
<i>of which central operations and eliminations</i>	0	1	0
Costs before depreciation and amortization	-993	-982	-4 352
Adjusted EBITDA ¹⁾	-21	37	239
<i>Adjusted EBITDA margin</i>	-2%	4%	6%
<i>Adjustments</i>	-48	-79	-349
EBITDA	-69	-42	-109
Amortization	-50	-44	-202
Depreciation	-22	-24	-96
<i>of which PPA</i>	-31	-30	-120
EBIT	-142	-110	-407
<i>EBIT margin</i>	-15%	-12%	-10%
Net income	-132	-133	-458
Basic earnings per share (SEK)	-2,38	-2,45	-8,19
Discontinued operations ²⁾			
Net income	0	13 597	14 852
Total operations			
Net income	-132	13 464	14 394
Basic earnings per share (SEK)	-2,37	200,24	212,44
Net cash flow from operations	-39	-102	-188
CAPEX	42	37	239
Net sales growth y-o-y			
<i>Organic growth</i>	-6%	3%	7%
<i>Acquisitions/divestments</i>	-	-1%	-1%
<i>Changes in FX rates</i>	4%	6%	4%
<i>Change in reported net sales</i>	-2%	7%	10%

¹⁾ See page 22 for details of adjustments to EBITDA. Alternative performance measures used in this report are explained on page 24

²⁾ Consists of the adjusted result for NENT, Nova and Zoomin in 2019



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President & CEO's comments

As we now summarize the first quarter of 2020, we can conclude that it has been a quarter unlike any other due to the Coronavirus pandemic. The global impact of this pandemic has been severe on the societies and markets in which we and our portfolio companies operate. Despite the considerable efforts to halt the pandemic, it continues to impact the world we live in, the businesses we invest in and organizations we lead. We are executing on a three phased plan responding to the pandemic, with focus on business continuity, operational efficiency and seizing of new business opportunities. And this is being done from a position of strength with a solid net cash position.

As for basically any company worldwide, this development has impacted the MTG's group companies, but in fundamentally different ways for the two verticals. While the interim regulations on international travel, imposed quarantine regulations and restrictions on hosting events with live audiences have had a negative impact on our esports business, we have quickly adapted and changed to ensure business continuity and performance. Esport has stayed in action through online versions of our big events, to entertain and stay relevant for fans and partners. Our gaming vertical has shown resilience and maintained stable performance in these difficult circumstances and rather seen an upswing in user activations towards the end of the quarter.

Looking into Q2 2020, the priority for us remains the safety of our employees, teams, fans and partners.

Esport – digital and global by design

Government policies to contain the spread of the pandemic have had a negative impact on MTG's esports vertical, which is built around large live events with media rights, brand partnerships and many attending fans who purchase tickets and merchandise. However, our work to further commercialize esports has continued in the quarter. One very important step was the signing of the "Louvre" agreement together with the world's thirteen leading esports teams in CS:GO. Another pivotal step was the continuation of the Pro Tour format and moving it online to keep consistency in the circuit. As esports is digital by design, this has the potential to offset some of the negative impact as we can continue to deliver great entertainment by moving to online competitions and thereby creating new business opportunities. As a result, we delivered record viewership in the quarter with ESL Pro League season 11 as a highlight.

Going forward, we will continue to adapt to the new circumstances by moving competitions and events online or rescheduling them to later this year or to 2021. This means that between ESL and DreamHack we will have events online more or less every day throughout Q2 2020.

Gaming – performing well despite difficult circumstances

The gaming vertical has proven to be more resilient to the impact from the Coronavirus pandemic. Our products have rather than being negatively impacted, seen an accelerated inflow of new users towards the end of the quarter. In particular InnoGames experienced this trend, ending March with a close to record high DAU.

We have also taken the opportunity to be more aggressive in our marketing strategy, as we are currently experiencing much higher returns on marketing campaigns. This initiative has already yielded positive results in a growing user base and we expect it to continue into Q2 2020.

The development of new games is on track and unaffected for both InnoGames and Kongregate, and our timeline to test and introduce several new titles in 2020 stands firm.

Strategic review – an update

Following the announcement of a strategic review of our gaming vertical in October 2019, MTG has received multiple expressions of interest in the business from both strategic and financial investors. The Board of Directors and the management team continue to believe that a separation of the gaming and esports businesses, which would allow them to adopt their own financial structures and independent strategic objectives, is the best way to maximize shareholder value.

This separation may be implemented either through the divestment of the gaming business or through a listing on the Nasdaq First North Growth Market. Inevitably, the coronavirus pandemic has caused some disruption to the review process and the decision on the best route to separation will be taken once markets have stabilized and the company is able to present two strong equity stories.

Jørgen Madsen Lindemann

President & Chief Executive Officer

Guidance for 1H 2020

Revenue in the esports vertical is expected to decline by 25-35 percent (earlier guidance: decline by 35-45 percent) in 1H 2020, compared with the corresponding period in 2019. This is predominantly driven by Own & Operated (O&O) and Esport Services (ESS) events either being cancelled, moved online or postponed from 1H 2020 to the 2H 2020 and 1H 2021.

From Q2 2020, ESL and DreamHack are reducing both cost of goods sold and fixed costs. These savings will be at least SEK 150 million for 1H 2020 and are designed to protect business continuity and the future potential of the operations when the current crisis comes to an end.

Significant events in and after the quarter

January 7 - MTG's ESL and DreamHack entered into a three-year agreement with Blizzard Entertainment

MTG's portfolio companies ESL and DreamHack announced a three-year-long strategic agreement with Blizzard Entertainment. The world's largest esports company (ESL) and the premier gaming lifestyle festival organizer (DreamHack) will create new ESL Pro Tour formats for both StarCraft® II and Warcraft® III: Reforged™, with Blizzard providing a respective prize pool of over USD 1.8 million and over USD 200,000 for the first season.

January 21 - MTG announced termination by mutual agreement with HUYA of negotiations on definitive agreement for China Joint Venture and ESL investment

MTG announced that MTG and HUYA Inc. have mutually terminated the negotiations related to the definitive agreement for the forming of a strategic Joint Venture for esports expansion into China and a minority stake investment in MTG's portfolio company ESL.

January 21 - MTG announced plan for annual savings and write down of assets

MTG announced annual savings and write down of assets. The company booked one-off charges in Q4 2019 related to redundancy costs and impairment charges at its headquarter and in group companies. This was an effect of the company's ongoing strategic review, operational efficiency programs and evaluation of the gaming portfolio.

February 18 - ESL and DreamHack sign historic agreement with globally leading esports teams, known as "Louvre" agreement

MTG's esports portfolio companies ESL and DreamHack announced an agreement with the world's thirteen leading esports teams for participation in their esports circuits, among these the ESL Pro League.

March 19 - 3 April - Changes to ESL and DreamHack's esports schedules for festivals and Master properties

MTG's esports portfolio companies ESL and DreamHack announced new and revised festival and Master properties schedules, adjusted for impacts caused by precautionary measures taken by regulators in many markets worldwide as a result of the continued spreading of the new Coronavirus and the related COVID-19.

March 25 - Impact of Coronavirus and update on strategic review

MTG provided a preliminary assessment of how the Coronavirus pandemic is expected to affect its esports and gaming verticals as well as an update of the strategic review of its gaming vertical.

March 26 - ESL and PUBG MOBILE entered into a new partnership agreement

MTG's portfolio company ESL announced a new partnership on an Esports Program with PUBG MOBILE – the most popular title from publishers PUBG Corp. and Tencent Games.

April 16 - Marjorie Lao proposed to be elected to the Board of MTG

MTG announced that its Nomination Committee proposes the election of Marjorie Lao to MTG's Board of Directors at the Annual General Meeting in May 2020.

April 24 - Chris Carvalho proposed to be elected to the Board of MTG

MTG announced that its Nomination Committee proposes the election of Chris Carvalho to MTG's Board of Directors at the Annual General Meeting in May 2020.

A full list of MTG's announcements and reports can be found at www.mtg.com.

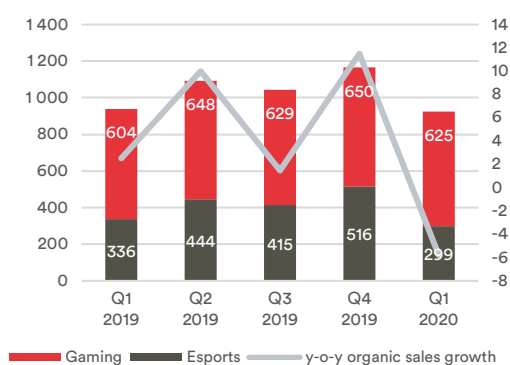
Group performance

Net sales – continuing operations

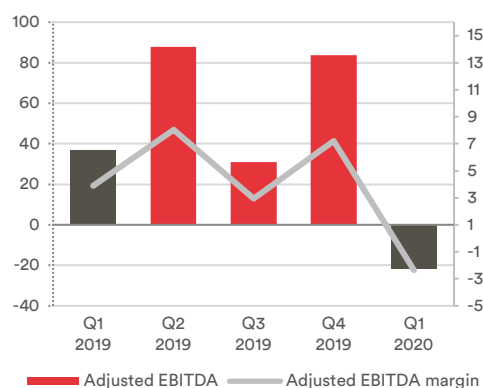
In the first quarter, net sales on a reported basis declined by 2 percent year-on-year to SEK 924 (940) million. On an organic basis, the sales decline was 6 percent as exchange rates changes made a positive contribution of 4 percent, reflecting the further weakening of SEK against both the USD and EUR compared with the first quarter of 2019.

Esport net sales declined by 11 percent in Q1 2020, of which the organic decline represented 15 percent due to Master properties being moved online or postponed due to the Coronavirus pandemic and IEM Katowice not being a Major in 2020. This was partly offset by 3 percent growth in net sales for Gaming, of which organic growth accounted for negative 1 percent.

Net sales & y-o-y organic growth
(SEKm (left side); % (right side))



Adjusted EBITDA and margin
(SEKm (left side); % (right side))



Operating expenditure – continuing operations

Operating costs before depreciation and amortization increased by 1 percent to SEK 993 (982) million. This included Items Affecting Comparability of SEK 3 (54) million, Long-term incentive (LTI) programs of SEK 32 (25) million and M&A transaction costs of SEK 13 (-) million.

Adjusted EBITDA – continuing operations

The Group's adjusted EBITDA in the quarter amounted to SEK -21 (37) million.

Group central operations impacted the quarter by SEK -26 (-38) million.

The adjusted EBITDA margin in the quarter was -2 (4) percent. The margin decline was due to the esport vertical being negatively impacted by the Coronavirus pandemic and being forced to operate events that it had already committed to with no live audience or cancel events at short notice leading to limited possibilities to reduce the cost base in the quarter. This was partially offset by stable margin development in the gaming vertical, as it has been resilient and less exposed to the consequences of the Coronavirus pandemic.

Adjusted EBITDA reflects the underlying performance of the business and SEK 3 million in IAC, SEK 32 million in costs related to LTI programs and SEK 13 million in M&A transaction costs were excluded.

EBITDA was SEK -69 (-42) million.

EBIT – continuing operations

Depreciation and amortization in the first quarter amounted to SEK -72 (-68) million and included amortization on purchase price allocations (PPA) of SEK -31 (-30) million. Excluding PPA, depreciation and amortization increased by SEK 3 million to SEK -41 (-38) million reflecting higher depreciations within the gaming segment.

Group EBIT in the quarter was SEK -142 (-110) million. The EBIT margin was -15 (-12) percent in the quarter.

Net financials and net income from continuing operations

Net financial items amounted to SEK 29 (-7) million, predominantly driven by exchange rate changes. The Group's tax was SEK -20 (-15) million. The net loss for the period from continuing operations thus amounted to SEK -132 (-133) million.

Venture Capital Fund investments

The MTG VC Fund has to date committed a total of SEK 221 million (USD 23 million) including future capital commitments into Bitkraft and Playventures. No new investments were made during Q1 2020 but SEK 10 million was invested into Bitkraft and Playventures as part of MTG's investment commitments.

The companies in the MTG VC portfolio continue to show strong traction. MTG has realized one exit with Phoenix Labs at a return of 175 percent on invested capital.

MTG has invested in 19 portfolio companies thus far from its VC fund to complement its majority stake investments in ESL, DreamHack, Kongregate and InnoGames, and the portfolio assets span start-up game developers across several game genres, including narrative, competitive, social MMO and game creation platforms in the US and Europe as well as pure esports focused companies.

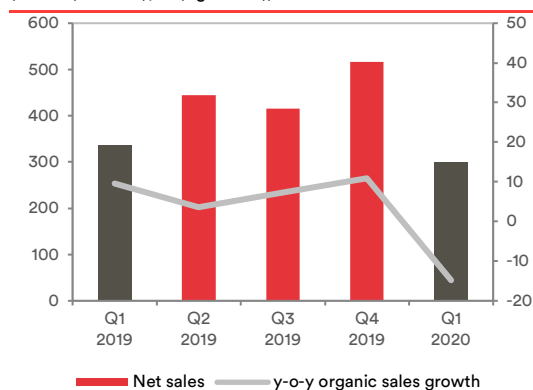
Segmental performance

Esport

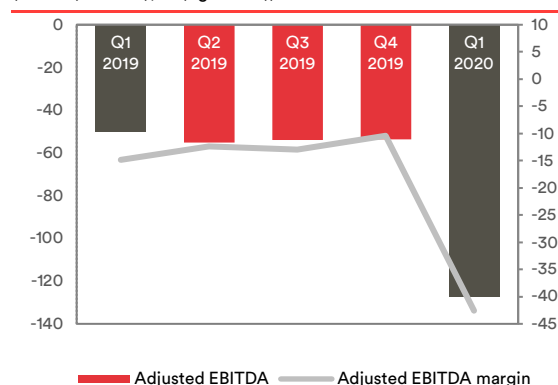
(SEKm)	Q1 2020	Q1 2019	Full year 2019
Net sales	299	336	1,712
Adjusted EBITDA	-127	-50	-213
<i>Adjusted EBITDA margin</i>	<i>-43%</i>	<i>-15%</i>	<i>-12%</i>
<i>Adjustments</i>	<i>-21</i>	<i>-14</i>	<i>-138</i>
EBITDA	-148	-64	-351
Amortization	-6	-6	-26
Depreciation	-12	-14	-53
<i>of which PPA</i>	<i>-4</i>	<i>-4</i>	<i>-15</i>
EBIT	-165	-83	-430
<i>EBIT margin</i>	<i>-55%</i>	<i>-25%</i>	<i>-25%</i>
CAPEX	13	6	34
<i>Net sales growth y-o-y</i>			
<i>Organic growth</i>	<i>-15%</i>	<i>10%</i>	<i>8%</i>
<i>Acquisitions/divestments</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Changes in FX rates</i>	<i>4%</i>	<i>6%</i>	<i>5%</i>
<i>Reported growth</i>	<i>-11%</i>	<i>16%</i>	<i>13%</i>

Net sales in the first quarter declined by 11 percent to SEK 299 (336) million, including a positive impact of 4 percentage points from exchange rate changes. Organic net sales declined by -15 (10) percent compared with the same period last year, due to Master properties being moved online or postponed due to the Coronavirus pandemic and IEM Katowice not being a major in 2020.

Net sales & y-o-y organic growth
(SEKm (left side); % (right side))



Adjusted EBITDA and margin
(SEKm (left side); % (right side))



ESL held its annual Master property in Katowice and DreamHack hosted a Dota 2 major in Leipzig during the quarter. Katowice was adversely impacted by a government shutdown at short notice and from a smaller scope compared to 2019. Additionally, ESL's Dota 2 Major in Los Angeles and CS:GO Master property in Denver was moved to an online format and held in Q2 2020, while ESL Pro

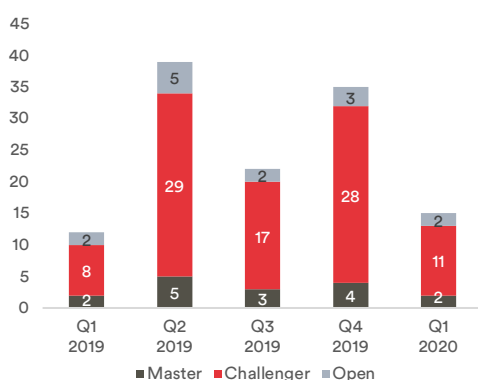
League season 11 qualification was held online in the quarter. This contributed to the double-digit decline in net sales compared with last year. When comparing ESL's operational key performance indicators (KPIs) to the same properties last year, it is still clear that the esports business has positive momentum with another record high viewership achieved in the quarter. As a result of fans not being able to physically attend many of ESL's events in the first quarter, the relevant media KPIs have increased sharply versus the same event one year ago. This demonstrates that the competitions are relevant and can be adapted to an all-digital format if needed. The focus going forward for the vertical is clear: to commercialize the growing audience of esports and make the sport commercially competitive.

DreamHack was able to execute in its O&O event and festival schedule as planned during the first quarter and grew underlying net sales by 11 percent. The newly launched DreamHack Sport Games was due to the Coronavirus pandemic only able to execute with limited scale the tournaments Dutch eDivisie and The European Golf Tour/eTour.

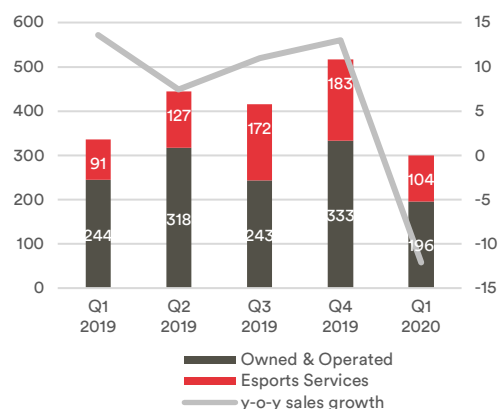
The adjusted EBITDA loss amounted to SEK -127 (-50) million in the first quarter, where the increase was driven by the effects of the Coronavirus. This involved existing plans being changed with short notice, resulting in physical events - in which investments and commitments had been made - being moved online or rescheduled to a later date. The adjusted EBITDA margin declined to -43 (-15) percent.

EBITDA adjustments of SEK -21 (14) million comprised items affecting comparability (IAC) of SEK -3 million, costs for long-term management incentive programs SEK -10 million and M&A transaction costs of SEK -8 million. EBITDA amounted to SEK -148 (-64) million.

Number of O&O properties



Net sales per type & y-o-y sales growth
(SEKm (left side); % (right side))



Sales of O&O properties decreased by 20 percent in the quarter to SEK 196 million, with the same amount of Masters properties compared with the corresponding period last year. Masters properties in the quarter were held in Katowice and Leipzig.

ESS net sales increased by 14 percent in the quarter to SEK 104 million, representing 35 percent of total esports net sales. The focus in ESS is to establish more strategic publisher relationships and, during the quarter, ESL and DreamHack ran, for example, some significant events on behalf of publishers Ubisoft, Supercell and Riot Games.

In the quarter, several new publisher deals were announced including Blizzard and their two titles Starcraft 2 and Warcraft 3, and Tencent Games and their title PUBG.

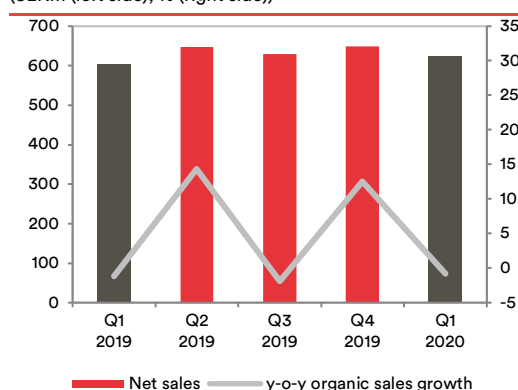
Gaming

(SEKm)	Q1 2020	Q1 2019	Full year 2019
Net sales	625	604	2,531
Adjusted EBITDA	132	127	605
<i>Adjusted EBITDA margin</i>	<i>21%</i>	<i>21%</i>	<i>24%</i>
<i>Adjustments</i>	<i>-26</i>	<i>-6</i>	<i>-120</i>
EBITDA	106	121	485
Amortization	-45	-38	-176
Depreciation	-10	-9	-40
<i>of which PPA</i>	<i>-27</i>	<i>-26</i>	<i>-105</i>
EBIT	51	74	269
<i>EBIT margin</i>	<i>8%</i>	<i>12%</i>	<i>11%</i>
CAPEX	28	28	203
Net sales growth y-o-y			
<i>Organic growth</i>	<i>-1%</i>	<i>-1%</i>	<i>6%</i>
<i>Acquisitions/divestments</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Changes in FX rates</i>	<i>4%</i>	<i>6%</i>	<i>5%</i>
<i>Reported growth</i>	<i>3%</i>	<i>5%</i>	<i>10%</i>

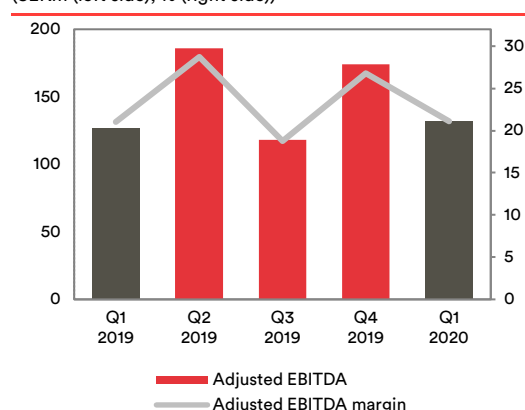
Reported net sales rose by 3 percent to SEK 625 (604) million, including a positive impact of 4 percentage points from exchange rate changes. On an organic basis, net sales in the quarter decreased by -1 (-1) percent.

Adjusted EBITDA was SEK 132 (127) million and EBITDA was SEK 106 (121) million, representing a margin of 21 (21) percent and 17 (20) percent, respectively.

Net sales & y-o-y organic growth
(SEKm (left side); % (right side))



Adjusted EBITDA and margin
(SEKm (left side); % (right side))



Thanks to an accommodating marketing environment, InnoGames increased its investments in marketing campaigns towards the end of the quarter, which had a positive effect on user acquisitions and led to an accelerating development of DAU. Sales were flat as growth in Forge of Empire and Classics were offset by declining revenues in the remaining games portfolio. Adjusted EBITDA

decreased compared with last year, driven by the higher marketing investments. The performance of Forge of Empires improved sequentially within the quarter, supported by improved in-game features and improving DAU. InnoGames' portfolio of classic games continued to record solid performances.

Kongregate continue to yield positive results and although it did not record growth in net sales, it posted adjusted EBITDA improvements compared with last year. This development was mainly attributable to Kongregate discontinuing two of its key third-party publishing titles late last year, which is being offset by its first party games Idle Frontier and BitHeroes which continue to demonstrate positive results. In addition, its most recent acquisition Surviv.io has had a good start. Kongregate, different to InnoGames, did however experience a small negative impact from the Coronavirus pandemic in the quarter on its in-game ad sales, also contributing to the overall sales performance.

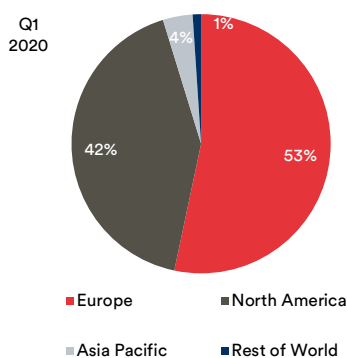
The development pipeline is progressing well within both InnoGames and Kongregate. Kongregate plans to launch 5 new games within the year and InnoGames is having four new games planned to be tested in the market across 2020 - games that will be mobile first and build on our expertise in game development.

EBITDA adjustments of SEK -26 million during the quarter comprised of M&A transaction costs of SEK -5 million and costs for long-term management incentive programs of SEK -21 million.

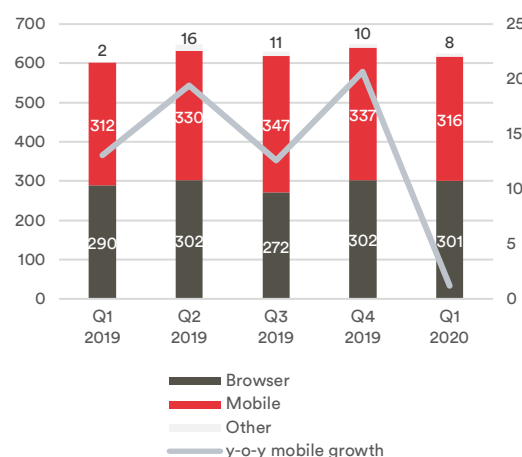
The depreciation and amortization charge in the quarter was higher compared with the corresponding period last year, mainly due to depreciation of the Bit Heroes and Surviv.io acquisitions in Kongregate.

Capex of SEK 28 (28) million was flat compared with the corresponding period last year, mainly driven by the development of unreleased games in InnoGames and Kongregate.

Net sales per Territory
(% split)



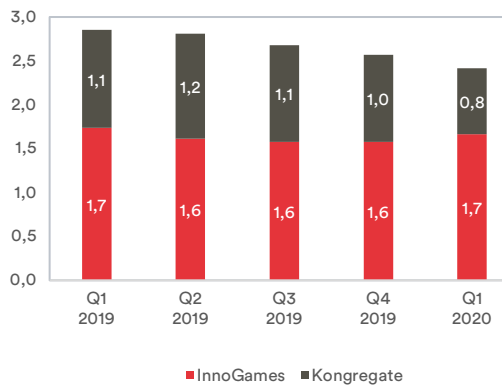
Net sales per Platform & y-o-y sales growth
(SEKm (left side); % (right side))



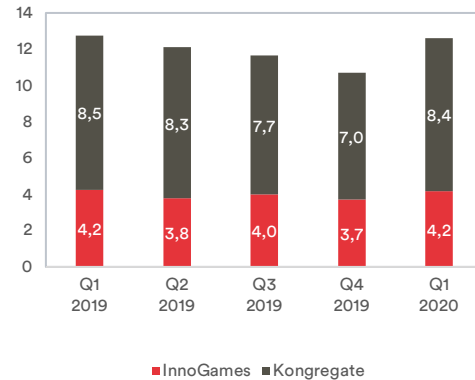
Mobile sales grew by 1 percent to SEK 316 million, representing 49 percent of total revenue in the gaming vertical. Browser revenues also grew by 4 percent, which is demonstrating the strength in older games and was probably positively impacted by the measures taken to control the Coronavirus. InnoGames share of mobile sales increased across most games and more than 90 percent of Kongregate's total revenue is attributable to mobile platforms.

There was no significant movement in the revenue split by territory, with more than 90 percent of revenue in the North American and European markets, which are the target territories for both gaming businesses.

Daily Active Users
(Millions)

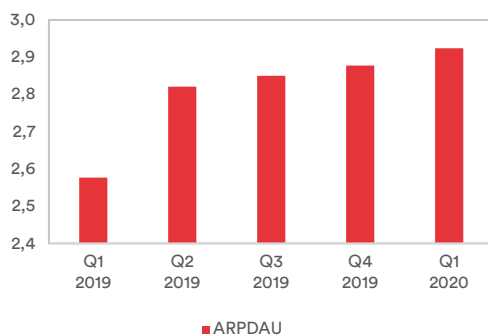


Monthly Active Users
(Millions)



Daily Active Users (DAU) decreased by 6 percent to 2.4 million and Monthly Active Users (MAU) increased by 18 percent, compared with the preceding quarter. InnoGames saw a positive and accelerating DAU growth in the quarter, while Kongregate was adversely impacted by the removal of two third-party games, which was partly offset by the launch of first-party titles. Compared with the corresponding quarter last year, DAU declined by 15 percent and MAU declined by 1 percent. Again, this was mainly due to Kongregate discontinuing publication of a number of third-party games.

Average Revenue per Daily Active User (ARPDau)
(SEK)



Proportions of Revenue generated by the top 3 games
(%)



The average revenue per daily active user (ARPDau) increased to SEK 2.9, up 14 percent from SEK 2.6 in Q1 2019 while increasing by 2 percent versus Q4 2019, supported by positive exchange rates changes. ARPDau at constant currencies increased by 9 percent year-on-year, mainly driven by better in-game monetization in both companies and lower DAU in Kongregate.

The top three titles have remained unchanged in the quarter: Forge of Empires, Elvenar and Animation Throwdown. Net sales generated by these titles were in line with prior periods at 75 percent, compared with both the preceding quarter and the preceding year.

Financial review

Cash flow from continuing operations

Cash flow from operations before changes in working capital amounted to SEK -111 (-15) million. Depreciation and amortization charges were SEK 72 (68) million, of which SEK 31 (30) million to amortization of PPA.

The Group reported a SEK 72 (-87) million change in working capital. The working capital improvement is largely related to the esports businesses' timing of receipts and service delivery according to the anticipated schedule of events. Working capital is further improved as a result of one offs during Q1 2019 as NENT was split from MTG. Net cash flow from operations amounted to SEK -39 (-102) million.

Investing activities

Group capital expenditure on tangible and intangible assets amounted to SEK 42 (37) million, mainly consisting of capitalized development costs for games and platforms that have not yet been released. Net investment in the VC fund was SEK 5 (51) million during the quarter.

Total cash flow relating to investing activities amounted to SEK -46 (-89) million.

Financing activities

Cash flow from financing activities amounted to SEK -10 (229) million, mainly lease payments.

The net change in cash and cash equivalents for continuing operations amounted to SEK -95 (38) million.

The Group had cash and cash equivalents of SEK 1,806 (479) million at the end of the period.

Parent company

Modern Times Group MTG AB is the Group's parent company and is responsible for Group-wide management, administration, and financing.

(SEKm)	Q1 2020	Q1 2019	Full year 2019
Net sales	4	6	20
Net interest and other financial items	62	41	2,302
Income before tax and appropriations	33	-59	2,066

Net interest for the quarter amounted to SEK -2 (42) million. Other financial items are mainly exchange rate effects of SEK 64 (1) million. The parent company had cash and cash equivalents of SEK 1,016 (47) million at the end of the period.

The total number of shares outstanding at the end of the period was 67,342,244 (67,342,244) and excluded the 304,880 class B shares held by MTG as treasury shares. There are no class C shares held by MTG as treasury shares. The total number of issued shares did not change during the period.

Other information

Accounting policies

This Interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and 'The Annual Accounts Act'. The interim report for the parent company has been prepared according to the Annual Accounts Act - Chapter 9 'Interim Report'.

The Group's consolidated accounts and the parent company's accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2019 Annual Report.

Related party transactions

There are no related party relationships other than with subsidiaries, associated companies, and joint ventures.

Risks & uncertainties

Significant risks and uncertainties exist for the Group and the parent company. These factors include the prevailing economic and business environments in some of the markets; commercial risks related to expansion into new territories; other political and legislative risks related to changes in rules and regulations in the various territories in which the Group operates; exposure to foreign exchange rate movements, and the US dollar and Euro linked currencies in particular; and the emergence of new technologies and competitors. The Group's e-sports business is reliant on continued cooperation with game publishers. The Group's game development businesses depend on their ability to continue releasing successful titles that attract paying customers. Both of the aforementioned conditions are not under the Group's full control.

Due to the impact from the covid-19 (Corona virus disease), the operational performance of MTG's esport vertical will be negatively affected on revenue and profit in 2020. However, the company's gaming vertical continues to perform well despite the ongoing pandemic.

Risks and uncertainties are also described in more detail in the 2019 Annual Report, which is available at www.mtg.com.

Stockholm, April 28, 2020

Jørgen Madsen Lindemann
President & CEO

This report has not been reviewed by the Group's auditor.

Condensed consolidated income statement

(SEKm)	Q1 2020	Q1 2019	Full year 2019
Continuing operations			
Net sales	924	940	4 242
Cost of goods and services	-501	-478	-2 293
Gross income	423	463	1 949
Selling expenses	-283	-275	-1 068
Administrative expenses	-275	-238	-1 146
Other operating income	7	9	36
Other operating expenses	-12	-12	-26
Share of earnings in associated companies and joint ventures	0	-2	0
Items affecting comparability	-3	-54	-152
EBIT	-142	-110	-407
Net interest	-1	3	1
Other financial items	31	-10	-28
Income before tax	-112	-118	-435
Tax	-20	-15	-23
Net income for the period, continuing operations	-132	-133	-458
Discontinued operations			
International Entertainment	-	28	1 433
Nordic Entertainment Group	-	13 587	13 646
Other business	0	-17	-227
Net income for the period, discontinued operations	0	13 597	14 852
Total net income for the period	-132	13 464	14 394
Net income for the period, continuing operations attributable to:			
Equity holders of the parent	-160	-164	-551
Non-controlling interest	28	31	93
Net income for the period	-132	-133	-458
Total net income for the period attributable to:			
Equity holders of the parent	-160	13 433	14 293
Non-controlling interest	28	31	101
Total net income for the period	-132	13 464	14 394
Continuing operations			
Basic earnings per share (SEK)	-2,38	-2,45	-8,19
Diluted earnings per share (SEK)	-2,38	-2,45	-8,19
Total			
Basic earnings per share (SEK)	-2,37	200,24	212,44
Diluted earnings per share (SEK)	-2,37	200,24	212,44
Number of shares			
Shares outstanding at the end of the period	67 342 244	67 342 244	67 342 244
Basic average number of shares outstanding	67 342 244	67 085 290	67 278 885
Diluted average number of shares outstanding	67 342 244	67 085 290	67 278 885

Consolidated statement of comprehensive income

(SEKm)	Q1 2020	Q1 2019	Full year 2019
Net income, continuing operations	-132	-133	-458
<i>Other comprehensive income</i>			
<i>Items that are or may be reclassified to profit or loss net of tax:</i>			
Currency translation differences	322	66	128
Total comprehensive income, continuing operations	190	-67	-330
Net income, discontinued operations	0	13,597	14,852
<i>Other comprehensive income</i>			
<i>Items that are or may be reclassified to profit or loss net of tax:</i>			
Currency translation differences	0	-133	-49
Total comprehensive income, discontinued operations	0	13,464	14,803
Total comprehensive income for the period	191	13,397	14,473
Total comprehensive income attributable to:			
Equity holders of the parent	78	13,348	14,349
Non-controlling interest	112	49	124
Total comprehensive income for the period	191	13,397	14,473

Condensed consolidated balance sheet

(SEKm)	Mar 31 2020	Mar 31 2019	Dec 31 2019
Non-current assets			
Goodwill	4,198	3,948	3,961
Other intangible assets	1,467	1,619	1,410
Total intangible assets	5,665	5,567	5,371
Total tangible assets	138	119	126
Right of use assets	139	199	139
Shares and participations in associated and other companies	228	158	220
Other financial receivables	305	260	277
Total non-current financial assets	533	418	497
Total non-current assets	6,475	6,303	6,133
Current assets			
Inventories	23	14	21
Other receivables	1,278	1,085	985
Cash, cash equivalents and short-term investments	1,806	479	1,824
Assets held for sale ¹⁾	-	904	-
Total current assets	3,107	2,482	2,831
Total assets	9,583	8,785	8,963
Equity			
Shareholders' equity	5,251	4,395	5,179
Non-controlling interest	1,514	1,352	1,402
Total equity	6,765	5,747	6,581
Non-current liabilities			
Lease liabilities	104	148	103
Total non-current interest-bearing liabilities	104	148	103
Provisions	567	573	525
Liabilities at fair value	384	403	377
Other non-interest-bearing liabilities	-	0	0
Total non-current non-interest-bearing liabilities	950	977	903
Total non-current liabilities	1,054	1,125	1,006
Current liabilities			
Liabilities at fair value	-	33	-
Borrowings	-	130	0
Lease liabilities	37	51	37
Other non-interest-bearing liabilities	1,726	1,361	1,339
Liabilities related to assets held for sale ¹⁾	-	338	-
Total current liabilities	1,764	1,913	1,376
Total liabilities	2,818	3,038	2,382
Total shareholders' equity and liabilities	9,583	8,785	8,963

¹⁾ Relates to Nova Group in 2019.

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and financial liabilities.

Condensed consolidated statement of cash flows

(SEKm)	Q1 2020	Q1 2019	Full year 2019
Cash flow from operations	-111	-15	-71
Changes in working capital	72	-87	-117
Net cash flow to/from operations	-39	-102	-188
Proceeds from sales of shares	-	-	1,876
Acquisitions of subsidiaries and associates and other investments	-5	-51	-96
Investments in other non-current assets	-42	-37	-238
Other cash flow from/used in investing activities	0	0	4
Cash flow from/used in investing activities	-46	-89	1,546
Net change in borrowings	0	-3,610	-3,679
Repayment borrowings and other capital restructuring items NENT	-	3,854	3,854
Other cash flow from/used in financing activities	-9	-15	-135
Cash flow from/used in financing activities	-10	229	40
Net change in cash, continuing operations	-95	38	1,398
Net change in cash, discontinued operations	-	-389	-653
Total net change in cash and cash equivalents	-95	-351	746
Cash and cash equivalents at the beginning of the period	1,824	862	862
Translation differences in cash and cash equivalents	77	-9	4
Change in cash and cash equivalents in assets held for sale	-	-24	213
Cash and cash equivalents at end of the period	1,806	479	1,824

Condensed consolidated statement of changes in equity

(SEKm)	Mar 31 2020	Mar 31 2019	Dec 31 2019
Opening balance	6,581	6,997	6,997
Net income for the period	-132	13,465	14,394
Other comprehensive income for the period	322	161	80
Total comprehensive income for the period	191	13,626	14,474
Effect of employee share programmes	-1	5	17
Change in non-controlling interests	-5	-16	-42
Dividend Nordic Entertainment Group	-	-14,866	-14,866
Closing balance	6,766	5,747	6,581

Parent company condensed income statement

(SEKm)	Q1 2020	Q1 2019	Full year 2019
Net sales	4	6	20
Gross income	4	6	20
Administrative expenses	-33	-105	-256
Operating income	-29	-99	-236
Net interest and other financial items	62	41	2,302
Income before tax and appropriations	33	-59	2,066
Appropriations	-4	-	223
Tax	0	0	0
Net income for the period	29	-59	2,289

Parent company condensed statement of comprehensive income

(SEKm)	Q1 2020	Q1 2019	Full year 2019
Net income for the period	29	-59	2,289
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	29	-59	2,289

Parent company condensed balance sheet

(SEKm)	Mar 31 2020	Mar 31 2019	Dec 31 2019
Non-current assets			
Capitalized expenditure	1	0	0
Machinery and equipment	2	3	3
Shares and participations	5 849	6 025	5 849
Other financial receivables	0	12 067	0
Total non-current assets	5 852	18 095	5 852
Current assets			
Current receivables	21	65	101
Cash, cash equivalents and short-term investments	1 016	47	1 123
Total current assets	1 037	113	1 224
Total assets	6 889	18 208	7 076
Shareholders' equity			
Restricted equity	338	338	338
Non-restricted equity	5 259	2 944	5 230
Total equity	5 598	3 282	5 568
Untaxed reserves	115	239	109
Non-current liabilities			
Provisions	0	-2	0
Total non-current liabilities	0	-2	0
Current liabilities			
Other interest-bearing liabilities	1 094	14 550	1 308
Non-interest-bearing liabilities	82	137	91
Total current liabilities	1 176	14 688	1 399
Total shareholders' equity and liabilities	6 889	18 208	7 076

Net sales and EBIT by segment

(SEKm)	Esport		Gaming		Central operations and eliminations		Total operations	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Net sales	299	336	625	604	0	1	924	940
EBIT	-165	-83	51	74	-28	-101	-142	-110

Alternative performance measures

The purpose of Alternative Performance Measures (APMs) is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. MTG is using the following APMs:

- Adjusted EBITDA
- Change in net sales from Organic growth, Acquisition/Divestments, and changes in FX rates

Adjusted EBITDA

(SEKm)	Q1 2020	Q1 2019	Full year 2019
EBIT	-142	-110	-407
Amortizations	50	44	202
Depreciation	22	24	96
EBITDA	-69	-42	-109
Items affecting comparability	3	54	152
Impairment own capitalized costs	-	-	93
Long-term incentive programs	32	25	76
M&A transaction costs	13	-	28
Adjusted EBITDA	-21	37	239

Items affecting comparability (IAC) contain costs for strategic review and a capital loss related to options to acquire shares.

Sales growth by segment

	Q1 2020	Q1 2019
Esport		
<i>Organic growth</i>	-15%	10%
<i>Acquisition/divestments</i>	-	-
<i>Changes in FX rates</i>	4%	6%
<i>Reported growth (%)</i>	-11%	16%
Gaming		
<i>Organic growth</i>	-1%	-1%
<i>Acquisition/divestments</i>	-	-
<i>Changes in FX rates</i>	4%	6%
<i>Reported growth (%)</i>	3%	5%
Total operations		
<i>Organic growth</i>	-6%	3%
<i>Acquisition/divestments</i>	-	-1%
<i>Changes in FX rates</i>	4%	6%
<i>Reported growth (%)</i>	-2%	7%

Discontinued operations

Net income - Discontinued operations

(SEKm)	Q1 2020	Q1 2019	Full year 2019
International entertainment	-	28	27
Nordic Entertainment Group	-	13,587	167
Zoomin	-	-17	-68
Other business	0	-	-72
Capital Gain / Loss	-	-	14,798
Net income - Discontinued operations	0	13,597	14,852

Definitions

Adjusted EBITDA

In order to assess the operating performance of the business, MTG management will, going forward, focus on Adjusted EBITDA, and Adjusted EBITDA Margin, these do not include the impact of items affecting comparability, long-term incentive programs, acquisition-related transaction expenses and impairment of own work capitalized, which are referred to as adjustments.

AMA

Average Minute Audience - the average number of individuals or viewing a channel, which is calculated per minute during a specified period of time over the program duration.

ARPAU

Average revenue per daily active user

CAPEX

Capital expenditures

Cash flow from operations

Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

Challenger

Smaller scale competitions with semi-professional players

DAU

Daily active user

Earnings per share

Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

EBIT

EBIT (operating income) comprise earnings before interest and tax.

EBITDA

Earnings Before Interest, Tax, Depreciation, and Amortization.

ESS

Esport Services – Work for hire contracts made on behalf of another entity

Items Affecting Comparability (IAC)

Items Affecting Comparability refers to material items and events related to changes in the Group's structure or lines of business, which are relevant for understanding the Group's development on a like-for-like basis.

Master

Large scale competitions attracting professional top tier global players

MAU

Monthly active user.

O&O

Owned & Operated – A property that is independently managed and controlled within the Group.

Open

Competitions free for all participants

Organic growth

Change in net sales compared with the corresponding period of the previous year, excluding acquisitions and divestments and adjusted for currency effect

Shareholders information

2020 Annual General Meeting

The 2020 Annual General Meeting will be held on Monday May 18, 2020 at 13.00 CEST at Wallenbergsalen, IVA Konferenscenter, Grev Turegatan 16 in Stockholm, Sweden.

In light of the outbreak of the corona virus and COVID-19 and for the safety of all shareholders, MTG encourage that shareholders seriously consider to not attend the 2020 Annual General Meeting in person. Shareholders are instead requested to attend by way of a proxy holder or vote via remote access by post.

All information relating to the Annual General Meeting, including the notice and related materials, and further details on registration, proxy services and voting by post can be found at www.mtg.com.

Financial calendar

Annual General Meeting 2020	May 18, 2020
Q2 2020 results announcement	July 23, 2020
Capital Markets Day 2020	October 9, 2020
Q3 2020 results announcement	November 4, 2020

Questions?

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Conference call

The company will host a conference call today at 3:00 p.m. CEST. To participate in the conference call, please dial:

Sweden:	+46 850 692 180
UK:	+44 844 571 8892
US:	+1 631 510 7495

The access pin code for the call is 675 72 09

The conference call will be held in English and will be available live in "listen-only" mode at www.mtg.com.



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