



MTG increases ownership in InnoGames and partners with company founders to form new holding company for gaming investments

STOCKHOLM, December 7th 2020 – Modern Times Group MTG AB (publ) (“MTG”) has acquired an additional 17% of the shares in leading German games developer and publisher InnoGames GmbH (“InnoGames”) bringing its ownership in the company up to 68%. The transaction also involves the establishment of a new holding company for MTG’s entire gaming business, also including Kongregate. This represents an important step towards creating a stronger gaming vertical that will be able to fully realize synergies, values and strategic opportunities going forward.

MTG announced its initial 21% investment in Hamburg-based InnoGames in October 2016 and increased its ownership to 51% in May 2017. As InnoGames continues to deliver strong performance, MTG has decided to exercise one of its outstanding call options to increase its ownership in InnoGames to 68%. As part of the transaction, the parties have agreed to cancel MTG’s call options for the remaining 32% of the shares in InnoGames. By utilizing its option, MTG is able to acquire an additional 17% of the shares in InnoGames for EUR 106 million (on a cash and debt free basis), implying a 10 times LTM September 2020 EBITDA.

The transaction also involves the establishment of a new holding company, MTG Gaming AB (“GamingCo”), to which 100% of the shares in InnoGames and Kongregate are transferred. Future acquisitions will be held by GamingCo. MTG will hold 71.85% of the shares in GamingCo following the transaction.

MTG’s CEO and Group President, Maria Redin, said: “Through the creation of a new joint gaming group together with InnoGames’ founders, InnoGames’ best-in-class expertise in user acquisition, live operations and business intelligence strategies can now benefit all of MTG’s gaming vertical companies, as well as future new acquisitions.”

Germany’s leading developer and publisher of online and mobile games, InnoGames is the creator of hits like ‘Forge of Empires’, ‘Tribal Wars’ and ‘Elvenar’. InnoGames focuses on high-quality free-to-play strategy and city builder games and has demonstrated 13 years of consecutive double-digit growth since the company launched in 2007. InnoGames passed the EUR 1 billion lifetime revenue milestone in November 2019 and is demonstrating an outstanding performance in 2020. MTG currently experiences a record EBITDA contribution from InnoGames and the company has a strong pipeline of promising games.

Hendrik Klindworth, InnoGames’ Co-founder and CEO, said: “We established InnoGames to make great games that people want to play for decades. Today, we have an iconic set of live games and a strong pipeline of new exciting titles that have shown outstanding results in early tests. 2020 has been another record-breaking year for us



and we are excited to boost the new gaming group's performance with our extensive experience. We already have a successful long-term relationship with MTG, and we see great values in aligning even closer by building up a strong gaming group together with a clear focus on free-to-play casual and mid-core games.”

The transaction will be completed in December 2020 and will be financed through a vendor note which is due on March 31st, 2021. The acquisition of shares will have a positive impact on MTG's income statement, through reduced minority interest related to InnoGames, leading to improved EPS.

Advisors

MTG have in connection with the transactions appointed Gernandt & Danielsson Advokatbyrå and Norton Rose Fulbright as legal advisors to MTG.

The InnoGames founders have in connection with the transaction appointed ALANTRA as financial and SKYE Partners as legal advisors.

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 persons set out below, at 02.30pm CET on December 7th 2020.

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About MTG

MTG (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 (('MTG A') and ('MTG B')).

About InnoGames

InnoGames is Germany's leading developer and publisher of mobile and online games. The company based in Hamburg is best known for Forge of Empires, Elvenar and Tribal Wars. InnoGames' complete portfolio encompasses seven live games and several mobile titles in production. Born as a hobby, InnoGames today has a team of 400 employees from more than 30 nations who share the passion of creating unique games that players across the globe enjoy for years. For more information visit <https://www.innogames.com>.