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MTG resolves on a rights issue of approximately SEK 2,500 million subject to approval by an extraordinary general meeting

STOCKHOLM, December 17th, 2020 – The board of directors of Modern Times Group MTG AB (publ) (“MTG”) has resolved on a new issue of class B shares of approximately SEK 2,500 million with preferential rights for existing shareholders (the “Rights Issue”). The Rights Issue is subject to approval by an extraordinary general meeting to be held on 21 January 2021. The purpose of the Rights Issue is to repay the bridge loan facility used to finance the acquisition of Hutch Games Ltd. (“Hutch”) and to repay the vendor note incurred in connection with the acquisition of an additional 17 per cent of the shares in InnoGames GmbH (“InnoGames”). The Rights Issue has strong support from MTG’s larger shareholders. Shareholders representing 46.4 per cent of the total number of shares and 43.3 per cent of the total number of votes have already informed MTG of their intention to subscribe for their respective pro rata share in the Rights Issue and to vote for the approval of the Rights Issue at the EGM.

The Rights Issue in brief

- The Rights Issue will provide MTG with gross proceeds of approximately SEK 2,500 million before deduction of transaction related costs. The proceeds from the Rights Issue will, together with existing cash on balance, be used to repay the bridge loan facility of SEK 1,800 million (“**Bridge Loan Facility**”) incurred in connection with the acquisition of Hutch and to repay the vendor note incurred in connection with the acquisition of an additional 17 per cent of the shares in InnoGames
- Only class B shares will be issued. The final terms of the Rights Issue, including the subscription price and the number of class B shares to be issued will be announced on 18 January 2021. The subscription period for the Rights Issue will begin on 27 January 2021 and end on 10 February 2021. The record date for the right to receive subscription rights will be 25 January 2021. Subscription rights will be allocated in proportion to the number of MTG shares held on the record date (irrespective of which class of shares held, *i.e.* both holders of class A shares and holders of class B shares will receive subscription rights for new class B shares)
- The Rights Issue is subject to approval by an extraordinary general meeting of MTG, which will be held on 21 January 2021 (the “**EGM**”). A notice of the EGM will be announced separately. The notice of the EGM will also include, *inter alia*, a proposal for a customary authorisation of the board to resolve on new issues of class B shares (separate from the Rights Issue)
- Larger institutional shareholders in MTG such as Active Ownership Capital, Swedbank Robur, Evermore, Nordea Fonder, Länsförsäkringar Fonder, Lannebo Fonder, Handelsbanken Fonder and six other institutions, together representing approximately 46.4 per cent of the total number of shares and approximately 43.3 per cent of the total number

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of votes¹, have already informed MTG of their intentions to subscribe for their respective pro rata shares in the Rights Issue and to vote for the approval of the Rights Issue at the EGM. In addition, the shareholding members of the board of directors and executive management of MTG have undertaken to subscribe for their pro rata shares of the share issue and to vote for the approval of the Rights Issue at the EGM

Maria Redin, CEO and Group President of MTG, commented: “Through the creation of the new GamingCo together with the InnoGames minorities and with the acquisition of Hutch, MTG is now well positioned to execute on its Buy & Build strategy. In order to allow all existing shareholders in MTG to participate in the company’s newly ignited growth strategy, MTG has decided to resolve on a rights issue with preferential rights for all existing shareholders. The rights issue will be used for repaying the bridge loan facility used for the Hutch acquisition and the vendor note incurred in connection with the acquisition of an additional 17 per cent of the shares in InnoGames.”

Background and reason

On 8 December 2020, MTG announced the acquisition of Hutch. Hutch is a leading developer and publisher of free-to-play mobile games focused on the racing category in the highly attractive midcore segment. The up-front consideration amounts to USD 275 million on a cash and debt free basis and earn-out payments at an expected value of USD 100 million in aggregate. The acquisition is financed through existing cash held by MTG and a new SEK 1,800 million Bridge Loan Facility provided by DNB Bank ASA, Sweden branch and Swedbank AB (publ).

As InnoGames continues to deliver strong performance, MTG announced on 7 December 2020 the decision to exercise one of its outstanding call options to increase its ownership in InnoGames from 51 per cent to 68 per cent. The additional 17 per cent of the shares were acquired for EUR 106 million (on a cash and debt free basis), initially payable with a vendor note due on 31 March 2021. As part of the transaction, the parties agreed to cancel MTG’s call options for the remaining 32 per cent of the shares in InnoGames. The transaction also involved the establishment of a new holding company, MTG Gaming AB, which holds 100 per cent of the shares in InnoGames and Kongregate and which will also acquire and hold the shares in Hutch.

The purpose of the Rights Issue is to repay the Bridge Loan Facility used to finance the acquisition of Hutch and to repay the vendor note incurred in connection with the acquisition of the additional 17 per cent of the shares in InnoGames.

¹ Calculated exclusive of the 304,880 class B shares held by MTG, which do not entitle to any subscription rights in the Rights Issue or voting rights at the EGM.

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The Rights Issue

The board of directors of MTG has today resolved on an issue of class B shares, with preferential rights for the shareholders, of approximately SEK 2,500 million.

The subscription period for the Rights Issue will begin on 27 January 2021 and end on 10 February 2021. The record date for the right to receive subscription rights will be 25 January 2021. Subscription rights will be allocated in proportion to the number of MTG shares held on such record date (irrespective of which class of shares held, *i.e.* both holders of class A shares and holders of class B shares will receive subscription rights for new class B shares).

Pursuant to the board of directors' resolution, the board of directors is authorised to resolve on the highest amount by which the company's share capital shall be increased, the highest number of class B shares which shall be issued and the amount to be paid for each new class B share. Such final terms of the Rights Issue will be announced on 18 January 2021.

The Rights Issue is subject to approval by the EGM (see the section "Extraordinary General Meeting" below).

Strong support from current shareholders

Larger institutional shareholders in MTG such as Active Ownership Capital, Swedbank Robur, Evermore, Nordea Fonder, Länsförsäkringar Fonder, Lannebo Fonder, Handelsbanken Fonder and six other institutions, together representing approximately 46.4 per cent of the total number of shares and approximately 43.3 per cent of the total number of votes², have informed MTG of their intentions to subscribe for their respective pro rata shares in the Rights Issue and to vote for the approval of the Rights Issue at the EGM. In addition, the shareholding members of the board of directors and executive management of MTG have undertaken to subscribe for their pro rata shares of the share issue and to vote for the approval of the Rights Issue at the EGM.

Extraordinary General Meeting

The Rights Issue is subject to approval by the EGM, which will be held on 21 January 2021.

In addition to the Rights Issue, the notice to the EGM will also include, *inter alia*, a proposal for a customary authorisation of the board to resolve on new issues of class B shares representing, in aggregate, not more than 10.0 per cent of the total number shares in the company at the time when the board of directors exercises the authorisation for the first time.

In order to prevent the spread of the coronavirus infection (Covid-19), the board of directors intends to decide that the EGM shall be held without physical presence of shareholders, proxies or external parties and that the shareholders shall exercise their voting rights by post. The notice of the EGM will be announced separately.

Prospectus

MTG will prepare a prospectus regarding the Rights Issue. MTG will publish the prospectus on 22 January 2021.

² Calculated exclusive of the 304,880 class B shares held by MTG, which do not entitle to any subscription rights in the Rights Issue or voting rights at the EGM.

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Preliminary timetable for the Rights Issue

- 14 January 2021: Trading update
- 18 January 2021: Announcement of the final terms, including the subscription price and the number of class B shares to be issued under the Rights Issue
- 21 January 2021: Extraordinary general meeting to approve the board of directors' resolution on the Rights Issue
- 21 January 2021: Last day of trading in class B shares including right to receive subscription rights
- 22 January 2021: First day of trading in class B shares excluding right to receive subscription rights
- 22 January 2021: Publication of the prospectus
- 25 January 2021: Record date for right to receive subscription rights
- 27 January–10 February 2021: Subscription period
- 12 February 2021: Estimated date for publication of final results of the Rights issue

Advisors

MTG have appointed ABG Sundal Collier, DNB Markets, a part of DNB Bank ASA, Sweden branch and Swedbank AB (publ) as joint global coordinators. Gernandt & Danielsson Advokatbyrå and Cleary Gottlieb Steen & Hamilton as legal advisors to MTG in connection with the Rights Issue. Linklaters Advokatbyrå AB has been appointed as legal advisor to the joint global coordinators in connection with the Rights Issue.

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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 persons set out above, at 09.15 CET on December 17th 2020.

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').

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