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MTG announces the terms of its rights issue

STOCKHOLM, 18 January 2021 – Modern Times Group MTG AB (publ) (“MTG”) announced on 17 December 2020 that its board of directors had resolved on a new issue of class B shares with preferential rights for existing shareholders (the “Rights Issue”). The Rights Issue is subject to approval by an extraordinary general meeting that is to be held on 21 January 2021 (the “EGM”). The board of directors has now resolved on the final terms of the Rights Issue. The maximum number of class B shares that may be issued is 28,320,697. Those who are registered as shareholders on the record date 25 January 2021 receive one (1) subscription right for each share held in MTG (irrespective of the share class, i.e., both holders of class A shares and holders of class B shares will receive subscription rights for new class B shares). Twelve (12) subscription rights entitle to subscription for five (5) new class B shares. The subscription price is SEK 90 per share.

The Rights Issue in brief

- Only class B shares will be issued. The maximum number of class B shares that may be issued is 28,320,697. The subscription price is SEK 90 per share. If the Rights Issue is fully subscribed for, MTG will receive proceeds of approximately SEK 2,549 million before deduction of transaction costs.
- Those who are registered as shareholders in MTG’s share register on the record date receive one (1) subscription right for each share held in MTG (irrespective of the share class, i.e., both holders of class A shares and holders of class B shares will receive subscription rights for new class B shares). Twelve (12) subscription rights entitle to subscription for five (5) new class B shares. The record date for determining the right to receive subscription rights is 25 January 2021. The last day of trading in MTG’s shares including the right to receive subscription rights is 21 January 2021.
- The subscription period begins on 27 January 2021 and ends on 10 February 2021.
- The Rights Issue is subject to approval by the EGM on 21 January 2021. The EGM will be held without physical presence and shareholders may exercise their voting rights by post up until 20 January 2021.
- A prospectus regarding the Rights Issue will be published on 22 January 2021.
- In connection with the announcement of the Rights Issue on 17 December 2020, several of MTG’s largest institutional shareholders, representing approximately 46.4 per cent of the total number of shares and approximately 43.3 per cent of the total number of votes, 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 Rights Issue and to vote for the approval of the Rights Issue at the EGM.¹

Background and reason

On 7 December 2020, MTG announced the decision to exercise one of its outstanding call options and thereby increase its shareholding in InnoGames from 51 per cent to 68 per cent. In connection with this, on 8 December 2020, MTG also announced the acquisition of Hutch, a company that develops and provides games in the racing genre for mobile platforms. The transactions also included the establishment of a new holding company, MTG Gaming AB, which owns 100 per cent of the shares in InnoGames, Kongregate and Hutch. MTG holds 77.35 per cent of the shares and votes in MTG Gaming AB.

Following the acquisition of Hutch, MTG is a major player within game development with game titles in strategy, city builder and racing genres for both browser and mobile. The more diversified game portfolio allows for a more stable and better user acquisition as well as better profitability. The Hutch acquisition also provides an increased access to innovation and new growth opportunities with a larger number of skilled game developers. The ambition is that MTG, through the acquisition of Hutch, shall attract a broader target group of players and the ambition is that the companies within the gaming vertical shall be able to use each other's expertise in order to realise synergies in, for example, marketing and sales. Overall, the new MTG will be better positioned to compete on the international gaming market.

The acquisition of Hutch was initially financed with MTG's existing cash and a bridge loan facility of SEK 1,800 million from DNB Bank ASA, Sweden branch and Swedbank AB (publ). The acquisition of the additional shares in InnoGames was initially financed through a vendor note of EUR 113.6 million, which MTG is to repay on 31 March 2021. Upon full subscription, the Rights Issue will provide MTG with SEK 2,549 million before deduction of transaction costs. MTG will use the expected net proceeds to repay the bridge loan facility of SEK 1,800 million and to repay the vendor note of EUR 113.6 million (together with additional existing cash and cash equivalents).

The terms of the Rights Issue

Only class B shares will be issued. The maximum number of class B shares that may be issued is 28,320,697. The subscription price is SEK 90 per share. MTG's share capital will increase by a maximum of SEK 141,603,485.

Those who are registered as shareholders in MTG's share register maintained by Euroclear Sweden AB on the record date 25 January 2021 receive one (1) subscription right for each share held in MTG (irrespective of the share class, *i.e.*, both holders of class A shares and holders of class B shares will receive subscription rights for new

¹The percentages of the institutional shareholders' holdings of shares and votes are based on their respective shareholdings as of December 2020 and have been calculated exclusive of the 304,880 class B shares held by MTG, which do not entitle MTG to subscribe for any class B shares in the Rights Issue or to vote at the EGM.

class B shares). Twelve (12) subscription rights entitle to subscription for five (5) new class B shares. Only entire new class B shares can be subscribed for (*i.e.*, no fractions). Application for subscription for new class B shares can also be made without subscription rights. Should all new class B shares not be subscribed for with subscription rights, the board of directors shall resolve on the allotment of class B shares subscribed for without subscription rights in accordance with the following: Firstly, the new class B shares shall be allotted to those that have applied for subscription with subscription rights, regardless if they were shareholders on the record date on 25 January 2021 or not, in proportion to the number of subscription rights each such person exercised for subscription for class B shares, and where this is not possible, by drawing of lots. Secondly, the new class B shares shall be allotted to others that have applied for subscription without subscription rights and, in case of oversubscription, in proportion to the number of class B shares that each such person has applied to subscribe for, and where this is not possible, by drawing of lots. Thirdly, the new class B shares shall be allotted to any potential parties that have provided additional subscription commitments, if any, pursuant to specific agreements with the company, in accordance with the terms and conditions of such potential agreements. Ultimately, the new class B shares shall be allotted to potential underwriters – if any – that have entered into underwriting agreements with the company, in accordance with the terms and conditions of such potential agreements.

Subscription for new class B shares with subscription rights shall be made by payment in cash during the period 27 January–10 February 2021. Subscription for new class B shares without subscription rights shall be made on a separate subscription list during the period 27 January–10 February 2021. Payment for class B shares subscribed for without subscription rights shall be made not later than two banking days from the date of the issue of the contract note stating the allotment of shares. The board of directors have the right to extend the subscription period and postpone the payment date.

Securities legislation applicable in certain jurisdictions may affect the possibility for certain foreign shareholders and other investors to receive subscription rights and subscribe for class B shares in the Rights Issue, please see the section “Important information” below.

For shareholders who decide not to exercise their subscription rights to subscribe for new class B shares in the Rights Issue, a dilution effect of a maximum of 28,320,697 class B shares arises, corresponding to approximately 29.4 per cent of the total number of shares in MTG after the Rights Issue and approximately 28.0 per cent of the total number of votes in MTG after the Rights Issue.

The Rights Issue is subject to approval by the EGM on 21 January 2021. The EGM will be held without physical presence and shareholders may exercise their voting rights by post up until 20 January 2021. The notice of the EGM, instructions for postal voting and documents regarding the Rights Issue prepared in accordance with the Swedish Companies Act are available on MTG’s website, www.mtg.com.

Support from current shareholders

In connection with the announcement of the Rights Issue on 17 December 2020, several

of MTG's largest institutional shareholders, representing approximately 46.4 per cent of the total number of shares and approximately 43.3 per cent of the total number of votes, 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 Rights Issue and to vote for the approval of the Rights Issue at the EGM.²

Timetable for 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 MTG's shares including 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–8 February 2021: Trading in subscription rights
- 27 January–10 February 2021: Subscription period
- 27 January–19 February 2021: Trading in paid subscribed shares (BTA)
- 12 February 2021: Expected date for publication of final results of the Rights Issue

Advisors

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

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 08.00 CET on 18 January 2021.

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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 ('MTGA' and 'MTGB').

Important information

In certain jurisdictions, the publication, announcement or distribution of this press release may be subject to restrictions according to law. Persons in such jurisdictions where this press release has been published or distributed should inform themselves,

² The percentages of the institutional shareholders' holdings of shares and votes are based on their respective shareholdings as of December 2020 and have been calculated exclusive of the 304,880 class B shares held by MTG, which do not entitle MTG to subscribe for any class B shares in the Rights Issue or to vote at the EGM.

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This press release does not contain or constitute an invitation nor offer to acquire, sell, subscribe for or otherwise trade in shares, subscription rights or other securities in MTG. Invitation to the persons concerned to subscribe for shares in MTG will only be made by means of the prospectus that MTG intends to publish on MTG's website, following the approval and registration of the prospectus by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). The prospectus will contain, among other things, risk factors and certain selected financial information. This press release has not been approved by any regulatory authority and is not a prospectus. Investors should not subscribe for or purchase any securities referred to in this press release except on the basis of information contained in the prospectus to be published by MTG.

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This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act of 1933, as amended (the "**Securities Act**"). Any securities mentioned herein have not been and will not be registered under the Securities Act, and no public offering will be made in the United States.

This press release is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) are persons falling within Article 49(2)(a) to (d) or (iv) persons to whom this press release may otherwise be lawfully communicated (all such persons together being referred to as relevant persons). Any investment or investment activity to which this press release relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this press release or any of its content.

This press release is distributed in any member state of the European Economic Area under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") only to those persons who are qualified investors for the purposes of the Prospectus Regulation in such

member state, and such other persons as this press release may be addressed on legal grounds. No person that is not a relevant person or qualified investor may act or rely on this press release or any of its contents.

Statements in this press release relating to any future status or circumstances, including statements regarding future performance, growth and other trend projections and other effects of the Rights Issue, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as "anticipate", "believe", "expect", "intend", "plan", "seek", "will", "would" or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that could occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to several factors, many of which are outside MTG's control. Any forward-looking statements in this press release speak only as of the date on which the statements are made and MTG has no obligation (and undertakes no obligation) to update or revise any of them, whether as a result of new information, future events or otherwise.