

Concluding a record year

- The gaming vertical delivered a solid quarter and concluded a record year both in terms of net sales and adjusted EBITDA. The positive performance in the quarter was driven by high user engagement leading to growing Average Revenue Per Daily Active User (ARPDau) as a result of maintained successful in-games campaigns for the InnoGames portfolio
- The esports vertical delivered six Master properties in the quarter, leading to a sequential recovery in net sales. This, combined with good cost control and improved revenue mix, resulted in the esports vertical delivering positive Adjusted EBITDA result for the first time
- In the quarter, MTG increased its ownership in InnoGames to 68 percent, consolidated its gaming investments in a new gaming holding company ("GamingCo") and acquired Hutch Games, a market leader in mid-core mobile racing games. The transactions resulted in a 77.35% ownership in GamingCo.

Q4 2020 financial highlights

- Net sales declined by 9 percent to SEK 1,064 (1,163) million with a negative impact of foreign exchange rates of 6 percent. Organic Net sales declined by 3 percent
- Adjusted EBITDA of SEK 193 (84) million, with adjustments for IAC of SEK positive 7 (neg: 98) million, impairment of own capitalized costs of SEK 10 (93) million, long-term management incentive programs (LTI) SEK positive 10 (neg: 11) million and total M&A transaction costs of SEK 40 (5) million
- EBITDA of SEK 160 (-123) million
- Operating income (EBIT) of SEK 91 (-206) million
- Net income from continuing operations of SEK 66 (-207) million
- Basic earnings per share of SEK 0.99 (-3.08)
- Net cash flow from operations of SEK 95 (-70) million

Financial overview

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Continuing operations				
Net sales	1,064	1,163	3,997	4,242
of which esports	429	516	1,315	1,712
of which gaming	635	650	2,682	2,531
of which central operations and eliminations	0	-3	0	0
Costs before depreciation and amortization	-904	-1,286	-3,678	-4,352
Adjusted EBITDA	193	84	535	239
Adjusted EBITDA margin	18%	7%	13%	6%
Adjustments	-33	-207	-217	-349
EBITDA	160	-123	319	-109
Amortization	-48	-60	-195	-202
Depreciation	-20	-23	-88	-96
of which PPA	-24	-30	-112	-120
EBIT ¹⁾	91	-206	35	-407
EBIT margin	9%	-18%	1%	-10%
Net income	66	-207	-96	-458
Basic earnings per share (SEK)	0.99	-3.08	-3.39	-8.19
Discontinued operations²⁾				
Net income	-	-160	-	14,852
Total operations				
Net income	66	-367	-96	14,394
Basic earnings per share (SEK)	0.99	-5.33	-3.39	212.68
Net cash flow from operations	95	-70	270	-188
CAPEX	42	66	208	239
Net sales growth y-o-y				
Organic growth	-3%	12%	-4%	7%
Acquisitions/divestments	-	0%	-	-1%
Changes in FX rates	-6%	3%	-2%	4%
Change in reported net sales	-9%	15%	-6%	10%

¹⁾ See page 24 for details of adjustments to EBITDA. Alternative performance measures used in this report are explained on page 25

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



President & CEO's comments

MTG continues to show solid operational performance and high profitability as we report our final figures for the full year and Q4 2020, a challenging but transformative year for the company. Our group net sales amounted to SEK 1,064 million in the fourth quarter and Adjusted EBITDA amounted to SEK 193 million in the quarter, implying an adjusted EBITDA margin of 18 percent, a significant margin expansion compared to the same period last year. For the full year 2020, our net sales amounted to SEK 3,997 million and our Adjusted EBITDA amounted to a record SEK 535 million.

That 2020 has been a year unlike all others is no exaggeration. While we were rocked when the pandemic hit society - and us as part of it - in February 2020, we quickly regained our footing thanks to the impressive and hard work from all our people within the group. We've remained focused and confident, while we've dared to turn every stone to ensure business continuity. As a result, we stand stronger as a group now than what we did one year ago.

Gaming: High activity with M&A and organic development

MTG's fourth quarter was intense with high activity driven by M&A initiatives from the group.

December saw us increase our ownership in InnoGames to 68 percent for a total consideration of EUR 106 million. As part of the transaction, we deepened our relationship with the InnoGames founders through the agreement to form a jointly owned holding company – GamingCo - for MTG's gaming investments, also including InnoGames, Kongregate and future gaming acquisitions. The GamingCo represents an important step towards creating a stronger gaming vertical.

Shortly after, we announced the acquisition of Hutch as our first investment through the new gaming holding company. It allowed us to add a stellar new company with strong IPs and considerable growth potential, while simultaneously broadening our gaming vertical to cover the genre of mobile racing, complementing our strong position in the mid-core city building/strategy category and the idle category. The transactions resulted in a 77.35% ownership in the new holding company.

These acquisitions mark the beginning of a new growth journey for MTG's gaming vertical, with an agenda to grow both organically, and through an active M&A strategy. In order to secure funding, we announced a rights issue enabling all our shareholders to participate, and join us, on that journey.

InnoGames continued to deliver solid performance in the fourth quarter, rounding off a very strong year for the company. The new games pipeline is proceeding according to plan, and we look forward to the soft launch of up to three titles in 2021 which we expect will drive growth, and an increase in marketing spend.

Kongregate's performance in the quarter showed stable progress: underlying profitability improved in the quarter and we are excited about a new IP title planned for launch in H1 2021, which plays out in the popular SpongeBob SquarePants universe.

Esports: Ending the year on a high note with six Master Properties delivered

In the quarter we continued to see the combination of ESL and DreamHack take form. We're convinced that the combination creates the right foundation for our esports vertical to scale and grow further.

We intentionally postponed several Master properties from earlier in the year to the fourth quarter, leading to six Master properties successfully executed as digital events. ESL Pro League stood out having reported new viewership records in the quarter - proof that we have successfully kept the audiences entertained with all-digital entertainment. Additionally, we were happy to be able to re-

introduce cross-Atlantic and multi-continent esports competitions in the quarter, although still in an online format.

While we are pleased to see that ESL Gaming has announced a packed esports tournament calendar for 2021 which we hope will re-introduce live-audience events in the second half of the year, we still expect the ongoing pandemic to continue to have an impact on our business with key stakeholders, such as brand sponsors and publishers.

Mobile esports continues to be an important area of growth - In the quarter, ESL Gaming expanded its very successful Mobile Open esports format to also cover the MENA (Middle East and North Africa) region. Esports on mobile platforms continues to grow, and we're optimistic about how we can leverage that going forward through innovation and further product development.

A rights issue to enable further growth and support an active M&A agenda

We have learned immensely from this year's extraordinary circumstances: We've innovated to excel in digital production and distribution of esports entertainment, successfully continued to entertain our audiences and maintained relationships with key commercial partners, such as gaming publishers and advertisers.

With the new group holding company for gaming investments in place and with Hutch as part of it, our gaming vertical stands stronger, and our pipeline for new games ensures an exciting year, during which we will strive to maintain the focus for M&A set in 2020.

The rights issue set in motion during the fourth quarter enables us to secure funding for our strategy and enabling all our shareholders to be part of our new growth journey. We now look forward to continuing executing on our strategy in 2021.

Maria Redin

Group President and CEO, Modern Times Group MTG AB

Significant events in and after the quarter

October 5 - ESL Gaming expanded Mobile Open to MENA for Season 2

In October ESL Gaming announced details of ESL Mobile Open Europe & MENA Season 2. It builds on the success of 2019's Season 1, which saw over 500,000 participants in total, by expanding to include competition in the MENA region as well as Europe. The tournament will also double the gaming titles in Season 2, with the online esports tournament featuring Asphalt 9, Auto Chess, Clash of Clans and PUBG Mobile. Players will compete for a €85,000 prize pool.

December 7 - Increased ownership of InnoGames and forming of the new gaming holding company

In December, MTG acquired an additional 17 percent of the shares in leading German games developer and publisher InnoGames GmbH for a total consideration of EUR 106 million (on a cash and a debt free basis), which brought its ownership in the company to 68 percent. The transaction was completed in December and was financed through a vendor note, which is due on March 31 2021. The transaction also involves the establishment of a new holding company – GamingCo - for MTG's entire gaming business, including InnoGames, Kongregate and future gaming investments. The creation of the GamingCo represents an important step toward creating a stronger gaming vertical that will be able to fully realize synergies, values and strategic opportunities going forward.

December 8 - MTG acquired Hutch, a leading developer and publisher of mobile racing games

Hutch Games, which was acquired at the end of 2020, is a leading developer and publisher of free-to-play mobile racing games. The company's top three titles are F1® Manager, Top Drives, and Rebel Racing, which are all in the early growth phase with large future growth potential. Additionally, Hutch has a promising pipeline of new titles planned for launch in 2021 and 2022.

See Acquisition note on page 23 for details.

December 17 - A rights issue to fund an ambitious M&A agenda

MTG resolved on a new issue of class B shares of approximately SEK 2,500 million with preferential rights for existing shareholders which was subject to approval by an extraordinary general meeting which it later received. The purpose of the rights Issue was 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.

December 21 – Extraordinary General Meeting

The EGM resolved to approve the board of directors' resolution on 17 December 2020 on a new issue of class B shares with preferential rights for the shareholders (the "Rights Issue"). It was decided that no more than 28,320,697 class B shares would be issued in the Rights Issue at a subscription price of SEK 90 per share.

January 21 - ESL Gaming announced 2021 direction and event calendar

The direction for 2021 sees the majority of ESL and DreamHack esports competitions scheduled to be played in a studio setting without a live audience in 2021. ESL One Cologne powered by Intel® remains planned as an in-person competition with an audience in July 2021, pending local regulation and guidelines, with more live-audience competitions and in-person DreamHack festivals following in late 2021. The decision whether ESL One Cologne will remain an in-person tournament will be reevaluated closer to the competition start date.

February 12 - Rights Issue oversubscribed and concluded

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 board of directors' resolution on the Rights Issue was approved by the extraordinary general meeting of MTG on 21 January 2021. The subscription period of the Rights Issue ended on 10 February 2021. On 11 February 2021, MTG announced that preliminary estimates indicated that the Rights Issue had been oversubscribed by 101.8 per cent. MTG later on February 12 confirmed that 27,913,880 class B shares had been subscribed for by exercise of subscription rights and that 406,817 class B shares had been allotted to those who have applied for subscription for shares without subscription rights. Accordingly, the rights issue was fully subscribed for.

February 17 – Repayment of bridge loan facility using funds from the rights issue

On February 17th MTG repaid the bridge loan facility of SEK 1,800 million which financed the acquisition of Hutch Games in December 2020.

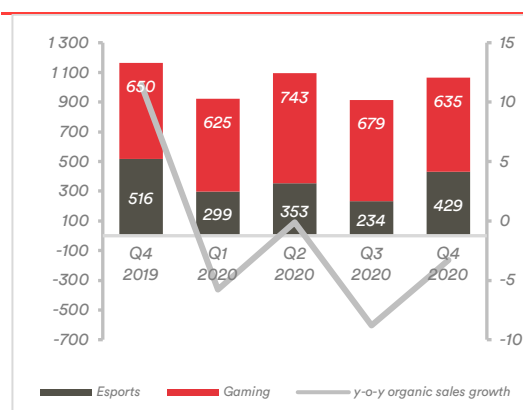
A full list of MTG's announcements and reports can be found at www.mtg.com.

Group performance

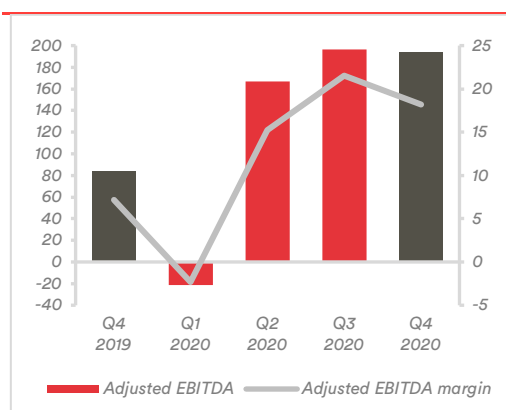
Net sales – continuing operations

Consolidated group net sales declined by 9 percent in the fourth quarter to SEK 1,064 (1,163), with a negative impact of foreign exchange rate of 6 percent. Organic net sales decreased by 3 percent. The gaming vertical's underlying net sales grew by 4 percent, which was offset by an adverse currency effect, leading to a net sales decline by 2 percent. The organic growth was predominantly driven by continued strong in-game monetization and positive developments in the user base. However, this was offset by the esports vertical where organic net sales declined by 13 percent in Q4 2020, excluding 4 percent currency headwind. This was largely due to Masters and Open properties being moved online and less publisher activations due to the pandemic.

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 decreased by 30 percent to SEK 904 (1,286) million mainly driven by the esports vertical's significant cost savings from operating online instead of offline formats, as well as OPEX savings.

Group central operations impacted the quarter by SEK -24 (-37) million.

Consolidated group's adjusted EBITDA in the quarter amounted to SEK 193 (84) million, representing a margin of 18 (7) percent on the back of improved margins for the gaming vertical in combination with cost savings made in the esports vertical.

EBITDA adjustments of SEK 33 (207) million comprised items affecting comparability (IAC) of SEK positive 7 (neg: 98) million, impairment of own capitalized costs of SEK 10 (93) million, long-term management incentive programs (LTI) SEK positive 10 (neg: 11) million and M&A transaction costs of SEK 40 (5) million.

Consolidated group EBITDA was SEK 160 (-123) million driven by the above-mentioned changes in both gaming and esports verticals.

EBIT – continuing operations

Depreciation and amortization in the fourth quarter amounted to SEK -68 (-83) million and included amortization of purchase price allocations (PPA) of SEK -24 (-30) million. Excluding PPA, depreciation and amortization decreased by SEK 9 million to SEK -44 (-53) million.

Group EBIT in the quarter was SEK 91 (-206) million, corresponding to an EBIT margin of 9 (-18) percent.

Net financials and net income from continuing operations

Net financial items amounted to SEK 51 (-23) million, mainly gain from financial assets revaluation of VC funds and unrealized exchange gain. The Group's tax was SEK -77 (22) million, predominantly reflecting increased result in the gaming vertical. The net income for the period from continuing operations thus amounted to SEK 66 (-207) million.

Venture Capital Fund investments

To date, the MTG VC fund has invested a total of SEK 231 million (USD 25.2 million) including additional capital commitments. In the quarter, MTG made an investment of SEK 1.7 million (USD 0.2 million) into Playventures through a draw down commitment and on top invested SEK 16.6 million (USD 1.9 million) into Joyride.

MTG's VC fund has to date invested in 20 portfolio companies to complement its majority stake investments in ESL Gaming, DreamHack SportGames, Kongregate, InnoGames and Hutch. The portfolio assets range from start-up game developers across several game genres, including narrative, competitive, social MMO and game creation platforms in the US and Europe, to pure esports focused companies.

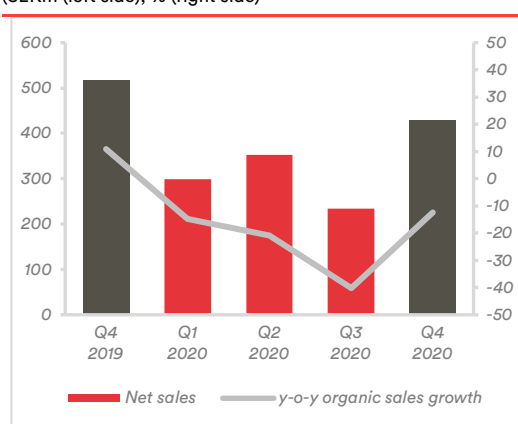
Segmental performance

Esport

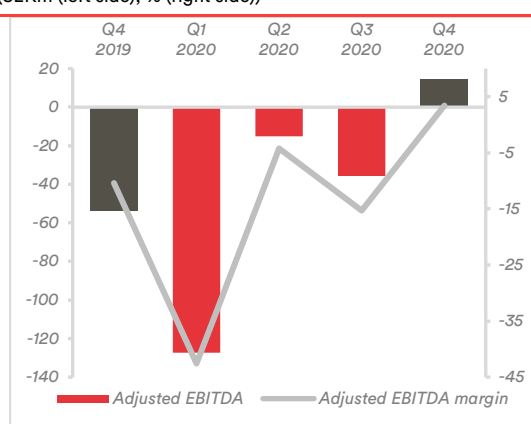
(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales	429	516	1,315	1,712
Adjusted EBITDA	15	-54	-163	-213
Adjusted EBITDA margin	3%	-10%	-12%	-12%
Adjustments	-11	-96	-56	-138
EBITDA	3	-150	-220	-351
Amortization	-6	-7	-23	-26
Depreciation of which PPA	-10 -4	-14 -4	-45 -15	-53 -15
EBIT	-12	-171	-288	-430
EBIT margin	-3%	-33%	-22%	-25%
CAPEX	7	6	34	34
Net sales growth y-o-y				
Organic growth	-13%	11%	-22%	8%
Acquisitions/divestments	-	-	-	-
Changes in FX rates	-4%	4%	-1%	5%
Reported growth	-17%	15%	-23%	13%

In the fourth quarter, net sales for esports decreased by 17 percent to SEK 429 (516) million, with a negative impact of foreign exchange rates of 4 percent. Organic net sales decreased by 13 percent. This was mainly due to Master, Challenger and Open properties being moved online and less publisher activations due to the coronavirus pandemic.

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



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



ESL Gaming successfully delivered and produced six Master Properties (compared to four in Q4 2019) in the quarter as scheduled – ESL Pro League Season 12, ESL One Germany, IEM New York, IEM Beijing, IEM Global Challenge as well as DreamHack Masters Winter – despite the Coronavirus pandemic impact by running them as online events or through a studio instead of as arena events.

ESL's B2C (ESEA, ESL Play and other products) business continued to experience sequential growth in monthly active users on the back of the ongoing pandemic and improved product features.

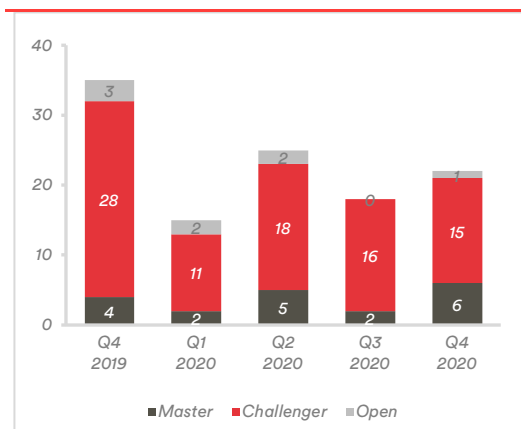
The combination between ESL and DreamHack that was announced on September 30 has been finalized in this quarter which will continue to deliver and achieve operational synergies and strengthen the commercial proposition of the esports vertical.

Adjusted EBITDA amounted to SEK 15 (-54) million in the fourth quarter, representing a margin of 3 percent (-10), where the improvement was driven by an intensive event schedule, continued cost savings due to online events replacing offline events, and the combination between ESL and DreamHack delivering cost synergies. During the quarter, adjusted EBITDA included a positive effect from government subsidies related to the pandemic of SEK 1.9 million.

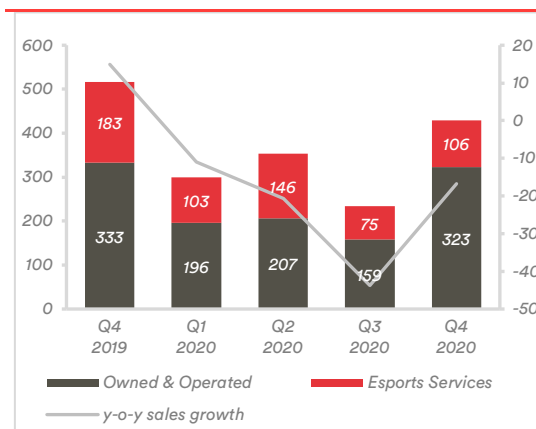
Adjustments of SEK 11 (96) million comprised of costs for long-term management incentive programs of SEK 10 million and IAC costs of SEK positive 4 million and M&A transaction costs of SEK 5 million.

EBITDA amounted to SEK 3 (-150) million in the quarter.

No of O&O properties



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



Sales of Own & Operated (O&O) properties stayed flat in organic growth and decreased by 3 percent including foreign exchange effects in the quarter to SEK 323 million, with 2 more Master properties and 2 less Open compared with the corresponding period last year. The scope and format of Master properties have shifted to online and Open properties have been cancelled due to the ongoing pandemic. During the quarter, the esports vertical saw growth in its sponsorships sales driven by a larger concentration of the master properties in the quarter. The positive trend of media sales from previous quarter continued into Q4 2020.

Esport Services' (ESS) net sales decreased by 42 percent in the quarter to SEK 106 million due to less activation initiatives among the publishers as a result of the ongoing pandemic. Still, the focus in ESS remain to establish more strategic publisher relationships and have executed some important events on behalf of publishers Epic Games and Psyonix, to highlight a few, during Q4 2020.

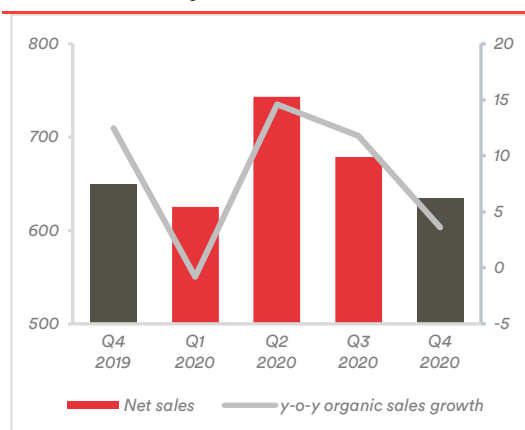
Gaming

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales	635	650	2,682	2,531
Adjusted EBITDA	202	174	800	605
Adjusted EBITDA margin	32%	27%	30%	24%
Adjustments	-26	-90	-153	-120
EBITDA	175	84	648	485
Amortization	-42	-52	-172	-176
Depreciation	-10	-10	-40	-40
of which PPA	-21	-27	-97	-105
EBIT	123	22	436	269
EBIT margin	19%	3%	16%	11%
CAPEX	38	62	177	203
Net sales growth y-o-y				
Organic growth	4%	13%	7%	6%
Acquisitions/divestments	-	-	-	-
Changes in FX rates	-6%	4%	-1%	4%
Reported growth	-2%	17%	6%	10%

In the fourth quarter net sales for gaming decreased by 2 percent to SEK 635 (650) million with a negative impact of foreign exchange rates of 6 percent. Organic net sales increased by 4 percent. The underlying improvement is attributable to increased user engagement and higher monetization from the player base. The acquisition of Hutch did not impact the gaming vertical in the quarter.

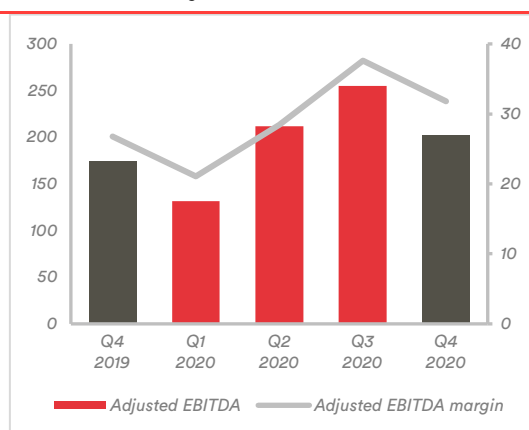
Net sales & y-o-y organic growth

(SEKm (left side); % (right side))



Adjusted EBITDA and margin

(SEKm (left side); % (right side))



InnoGames delivered a solid operational performance, operating from an elevated level following the lockdown effect due to the ongoing pandemic. Sales increased across the existing games portfolio driven by successful holiday events for Forge of Empires and continued good performance in the portfolio of classic games.

Kongregate’s underlying net sales was down in the quarter, mainly attributable to the discontinuation of two of its key third-party publishing titles late last year.

The game development pipeline is progressing according to plan, with InnoGames soft launching up to three new games in 2021. Kongregate plans to launch its next game, based on the character SpongeBob SquarePants, during H1 2021.

Adjusted EBITDA amounted to SEK 202 (174) million, representing a margin of 32 (27) percent.

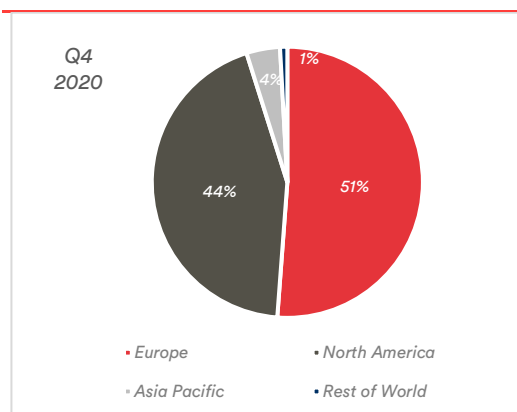
EBITDA adjustments of SEK 26 (90) million comprised reduction of costs for long-term management incentive programs of SEK positive 20 million, IAC cost of SEK 5 million, M&A transaction costs of SEK 31 million, and write-down of capital development costs of SEK 10 million.

EBITDA amounted to SEK 175 (84) million in the quarter.

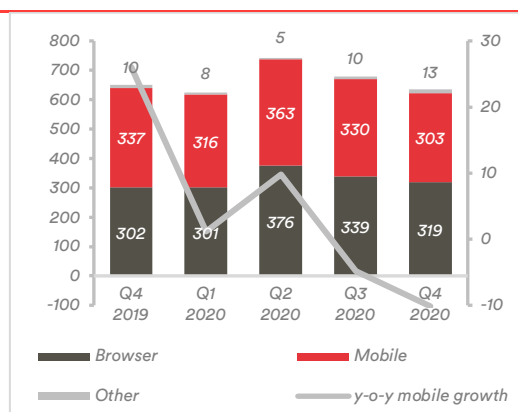
Depreciation and amortization charges for the quarter were slightly lower compared with the corresponding period last year, mainly due to lower depreciation of capitalized development costs in InnoGames.

Capex of SEK 38 (62) million was lower compared with the corresponding period last year, mainly related to an IP acquisition in the fourth quarter 2019.

Net sales per territory
(% split)



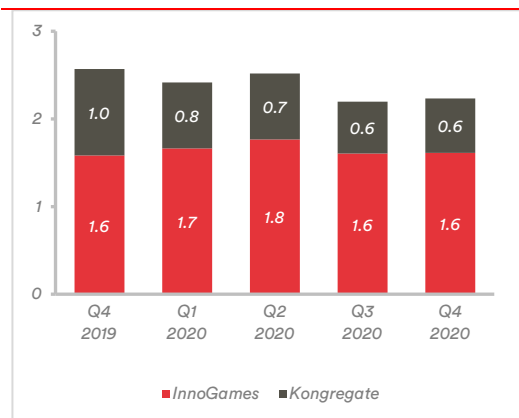
Net sales per platform & y-o-y mobile sales growth
(SEKm (left side); % (right side))



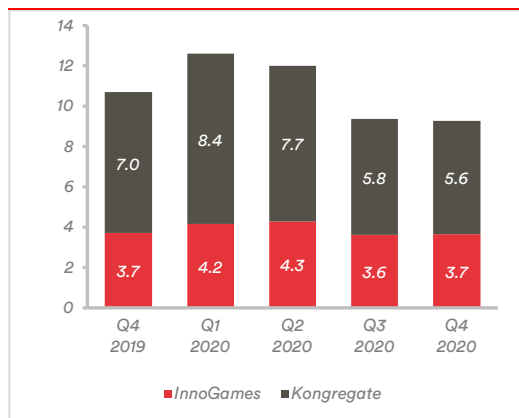
With more countries in lockdown as a result of the ongoing pandemic, fans have played more from home than ‘on the go’ for instance while commuting to or from work, resulting in a temporary shift from mobile to browser game play. As a result, browser revenues were positively impacted in the quarter. Due to this temporary shift and the discontinued third-party games, AdCom and AdCap last year, mobile organic sales growth declined by 4 percent. InnoGames share of mobile sales amounts to 42 percent (45) in Q4 2020, and more than 78 percent of Kongregate’s total revenue was attributable to mobile platforms.

There was no significant movement in the revenue split by territory, with 95 percent of revenue generated in the North American and European markets, which are the target territories for both gaming businesses.

Daily active users (Millions)

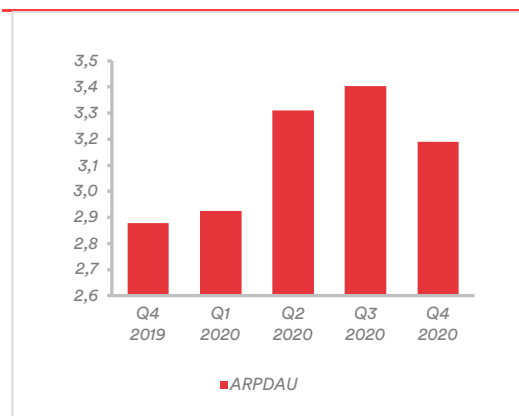


Monthly active users (Millions)

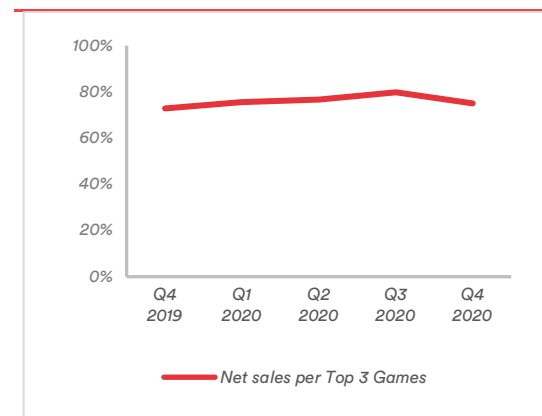


DAU decreased by 13 percent to 2.2 million and Monthly Active Users (MAU) decreased by 13 percent, compared to same quarter last year. InnoGames increased DAU while MAU was slightly down compared with Q4 2019, supported by a relatively high user acquisition (UA) momentum. This development was mainly driven by Forge of Empires. Kongregate was adversely impacted by the removal of two third-party games and Surviv.io, partly offset by the launch of first-party titles.

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 3.2, up 11 percent from SEK 2.9 in Q4 2019. ARPDau at constant currencies increased by 13 percent year-on-year, mainly driven by better in-game monetization both in InnoGames and Kongregate.

The top three titles have changed in the quarter and are now Forge of Empires, Elvenar and Tribal Wars. Net sales generated by these titles increased marginally to 75 percent, compared with the preceding year of 73 percent.

Financial review

Cash flow from continuing operations

Cash flow from operations before changes in working capital amounted to SEK 54 (-34) million in Q4. Depreciation and amortization charges were SEK 68 (83) million, of which SEK 24 (30) million related to amortization of PPA. The decrease in amortization mainly came from InnoGames.

The Group reported a SEK 41 (-36) million change in working capital. Net cash flow from operations amounted to SEK 95 (-70) million.

Investing activities

Cash flow used in investing activities is mainly connected to the initial payment for the acquisition of Hutch with a net of SEK 2,202 million and additional investment in the VC funds of SEK 17 million. Capital expenditure on tangible and intangible assets were SEK 42 million in the quarter.

Total cash flow relating to investing activities amounted to SEK -2,260 (-71) million.

Financing activities

MTG financed the initial cash purchase price of Hutch with existing cash and through a bridge loan facility of SEK 1,800 million from DNB Bank ASA, Sweden branch and Swedbank. The bridge loan facility has an initial term of six months. MTG has an option to extend the term by six months. Other cash flow from financing activities are mainly leasing payments.

The net change in cash and cash equivalents for continuing operations amounted to SEK -390 (-171) million.

The Group had cash and cash equivalents of SEK 1,153 (1,824) million at the end of the period.

Subsequent to the financial statement date, the fully subscribed right issue provided MTG with proceeds of SEK 2,549 million before deduction of transaction costs which were used to repay the bridge loan facility on February 17, 2021.

Parent company

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

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales	4	4	16	20
Net interest and other financial items	-44	-31	-33	2,302
Income before tax and appropriations	-92	-91	-173	2,066

Net interest for the quarter amounted to SEK -1 (-1) million. Unrealized and realized exchange differences amounted to SEK -41 (-30) million and other financial items to SEK -2 (0).

The parent company had cash and cash equivalents of SEK 516 (1,123) 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.

The Board of Directors propose that no dividend be paid for 2020.

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.

Disclosures in accordance with IAS.34 16A appear in the financial statements and the accompanying notes as well as in other parts of the interim report.

MTG Group reports government grants when it is reasonably certain that it will be received and that the conditions for receiving the grants have been met. Reporting is done in the income statement, and allocation is done based on when the costs that the grants are intended to compensate are incurred.

Related party transactions

No transactions between MTG and related parties that have materially affected the Group's position and earnings took place during the period.

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.

The ongoing coronavirus pandemic continues to impact our two verticals, and while there are efforts to develop and distribute efficient vaccines to societies and markets in which we operate, the uncertainty and low visibility still affects us.

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

Stockholm, February 25, 2020

Maria Redin
President & CEO

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

Condensed consolidated income statement

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Continuing operations				
Net sales	1,064	1,163	3,997	4,242
Cost of goods and services	-438	-667	-1,777	-2,293
Gross income	626	496	2,219	1,949
Selling expenses	-251	-290	-1,062	-1,068
Administrative expenses	-277	-313	-1,130	-1,146
Other operating income	6	15	32	36
Other operating expenses	-21	-18	-16	-26
Share of earnings in associated companies and joint ventures	2	2	1	0
Items affecting comparability	7	-98	-9	-152
EBIT	91	-206	35	-407
Net interest	-2	-4	-8	1
Other financial items	53	-19	54	-28
Income before tax	142	-229	81	-435
Tax	-77	22	-177	-23
Net income for the period, continuing operations	66	-207	-96	-458
Discontinued operations				
International Entertainment	-	-	-	1,433
Nordic Entertainment Group	-	-	-	13,646
Other business	-	-160	-	-227
Net income for the period, discontinued operations	-	-160	-	14,852
Total net income for the period	66	-367	-96	14,394
Net income for the period, continuing operations attributable to:				
Equity holders of the parent	66	-207	-228	-551
Non-controlling interest	-1	0	132	93
Net income for the period	66	-207	-96	-458
Total net income for the period attributable to:				
Equity holders of the parent	66	-359	-228	14,293
Non-controlling interest	-1	-8	132	101
Total net income for the period	66	-367	-96	14,394
Continuing operations				
Basic earnings per share (SEK)	0.99	-3.08	-3.39	-8.19
Diluted earnings per share (SEK)	0.99	-3.08	-3.39	-8.19
Total				
Basic earnings per share (SEK)	0.99	-5.33	-3.39	212.68
Diluted earnings per share (SEK)	0.99	-5.33	-3.39	212.68
Number of shares				
Shares outstanding at the end of the period	67,342,244	67,342,244	67,342,244	67,342,244
Basic average number of shares outstanding	67,342,244	67,342,244	67,342,244	67,278,885
Diluted average number of shares outstanding	67,342,244	67,342,244	67,342,244	67,278,885

Consolidated statement of comprehensive income

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Net income, continuing operations	66	-207	-96	-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	-316	-144	-314	128
Total comprehensive income, continuing operations	-250	-351	-410	-330
Net income, discontinued operations	-	-160	-	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	7	0	-49
Total comprehensive income, discontinued operations	0	-153	0	14,803
Total comprehensive income for the period	-250	-504	-410	14,473
Total comprehensive income attributable to:				
Equity holders of the parent	-116	-477	-421	14,349
Non-controlling interest	-135	-27	11	124
Total comprehensive income for the period	-251	-504	-410	14,473

Condensed consolidated balance sheet

(SEKm)	Dec 31 2020	Dec 31 2019
Non-current assets		
Goodwill	6,078	3,961
Other intangible assets	1,973	1,410
Total intangible assets	8,052	5,371
Total tangible assets	104	126
Right of use assets	129	139
Shares and participations in associated and other companies	272	220
Other financial receivables	242	277
Total non-current financial assets	514	497
Total non-current assets	8,799	6,133
Current assets		
Inventories	11	21
Other receivables	837	985
Cash, cash equivalents and short-term investments	1,153	1,824
Total current assets	2,000	2,831
Total assets	10,800	8,963
Equity		
Shareholders' equity	3,840	5,179
Non-controlling interest	1,375	1,402
Total equity	5,216	6,581
Non-current liabilities		
Lease liabilities	90	103
Total non-current interest-bearing liabilities	90	103
Provisions	706	525
Liabilities at fair value	589	377
Other non-interest-bearing liabilities	-	0
Total non-current non-interest-bearing liabilities	1,295	903
Total non-current liabilities	1,385	1,006
Current liabilities		
Liabilities at fair value	11	-
Liabilities to financial institutions	1,800	0
Lease liabilities	42	37
Other interest-bearing liabilities ^{*)}	1,144	-
Other non-interest-bearing liabilities	1,202	1,339
Total current liabilities	4,199	1,376
Total liabilities	5,584	2,382
Total shareholders' equity and liabilities	10,800	8,963

^{*)} Current debt in the form of a vendor note in connection with the acquisition of an additional 17 per cent of the shares in InnoGames, due in March 2021.

Condensed consolidated statement of cash flows

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Cash flow from operations	54	-34	242	-71
Changes in working capital	41	-36	28	-117
Net cash flow to/from operations	95	-70	270	-188
Proceeds from sales of shares	-	9	-	1 876
Acquisitions of subsidiaries, associates and other investments	-2 218	-14	-2 263	-96
Investments in other non-current assets	-42	-66	-208	-238
Other cash flow from/used in investing activities	0	1	0	4
Cash flow from/used in investing activities	-2 260	-71	-2 471	1 546
Net change in borrowings	1 800	-2	1 800	-3 679
Repayment borrowings and other capital restructuring items	-	-	-	3 854
Dividends to minority owners	-	-	-188	-
Other cash flow from/used in financing activities	-24	-28	-55	-135
Cash flow from/used in financing activities	1 776	-30	1 558	40
Net change in cash, continuing operations	-390	-171	-644	1 398
Net change in cash, discontinued operations	-	-4	-	-653
Total net change in cash and cash equivalents	-390	-175	-644	746
Cash and cash equivalents at the beginning of the period	1 589	2 019	1 824	862
Translation differences in cash and cash equivalents	-47	-20	-28	4
Change in cash and cash equivalents in assets held for sale	-	-	-	213
Cash and cash equivalents at end of the period	1 153	1 824	1 153	1 824

Condensed consolidated statement of changes in equity

(SEKm)	Dec 31 2020	Dec 31 2019
Opening balance	6,581	6,997
Net income for the period	-96	14,394
Other comprehensive income for the period	-314	80
Total comprehensive income for the period	-410	14,474
Effect of employee share programmes	-1	17
Cancellation of non-controlling interest put option liability ESL	315	-
Agreement to settle acquired operations with shares	81	-
Acquisition of non-controlling interests Innogames	-1,162	-
Dividend Nordic Entertainment Group	-	-14,866
Change in non-controlling interests	-	-42
Dividends to non-controlling interests	-188	-
Closing balance	5,216	6,581

Parent company condensed income statement

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales	4	4	16	20
Gross income	4	4	16	20
Administrative expenses	-51	-64	-156	-256
Operating income	-48	-60	-140	-236
Net interest and other financial items	-44	-31	-33	2,302
Income before tax and appropriations	-92	-91	-173	2,066
Appropriations	164	223	160	223
Tax	0	0	-	0
Net income for the period	72	132	-13	2,289

Net income for the period is in line with Total comprehensive income for the parent company.

Parent company condensed balance sheet

(SEKm)	Dec 31 2020	Dec 31 2019
Non-current assets		
Capitalized expenditure	1	0
Machinery and equipment	2	3
Shares and participations	7,813	5,849
Total non-current assets	7,815	5,852
Current assets		
Current receivables	207	101
Cash, cash equivalents and short-term investments	516	1,123
Total current assets	723	1,224
Total assets	8,538	7,076
Shareholders' equity		
Restricted equity	338	338
Non-restricted equity	5,299	5,230
Total equity	5,637	5,568
Untaxed reserves	43	109
Current liabilities		
Other interest-bearing liabilities	2,782	1,308
Non-interest-bearing liabilities	77	91
Total current liabilities	2,858	1,399
Total shareholders' equity and liabilities	8,538	7,076

Financial instruments at fair value

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and liabilities, except shares and participations in other companies for which the valuation technique is described below.

(SEKm)	Dec 31 2020		Dec 31 2019	
	Carrying value	Level 3	Carrying value	Level 3
Financial assets measured at fair value				
Shares and participations in other companies	252	252	198	198
Financial liabilities measured at fair value				
Contingent consideration	600	600	377	377

Valuation techniques

Shares and participations in other companies - Acquisition cost is initially considered to be a representative estimate of fair value. Subsequently, values are remeasured at fair value and gains/losses recognized when there is a subsequent financing with participation by a third party investor, in which case the price per share in that financing is used, when there is a realized exit or when there are indications that cost is not representative of fair value and sufficient more recent information is available to measure fair value.

(SEKm)	Dec 31 2020	Dec 31 2019
Opening balance 1 January	198	88
Reported gains and losses in net income for the year	30	0
Acquisition value acquisition	31	113
Sales proceeds sales	-6	-1
Distribution of NENT	-	-2
Translation differences	-1	0
Closing balance	252	198

Contingent consideration – expected future values are discounted to present value. The discount rate is risk-adjusted. The most critical parameters are estimated future revenue growth and future operating margin.

(SEKm)	Dec 31 2020	Dec 31 2019
Opening balance 1 January	377	442
Distribution of NENT	-	-20
New acquisitions	600	-
Exercised payments	-38	-26
Revaluation	2	-31
Reclassification	-320	-
Interest expense	6	4
Translation differences	-27	9
Closing balance	600	377

Net sales and result by segment

	Esport		Gaming		Central operations		Total operations	
(SEKm)	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Net sales	429	516	635	650	0	-3	1,064	1,163
EBIT	-12	-171	123	22	-20	-57	91	-206
Income before tax					142	-229	142	-229

	Esport		Gaming		Central operations		Total operations	
(SEKm)	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Net sales	1,315	1,712	2,682	2,531	0	0	3,997	4,242
EBIT	-288	-430	436	269	-112	-246	35	-407
Income before tax					81	-435	81	-435

Discontinued operations

Net income - Discontinued operations

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
International entertainment	-	-	-	27
Nordic Entertainment Group	-	-	-	167
Zoomin	-	-	-	-68
Other business	-	-72	-	-72
Capital Gain / Loss	-	-88	-	14,798
Net income - Discontinued operations	-	-160	-	14,852

Acquisitions

Acquired operations 2020

(SEKm)	Hutch
Cash paid	2,346
Additional purchase price and other settlements, non-paid	682
Total consideration	3,028
Recognised amounts of identifiable assets and liabilities	
Net assets	15
Cash and cash equivalents	144
Deferred tax receivables/liabilities net	-123
Intangible assets	667
Net identifiable assets and liabilities	703
Goodwill	2,325
Total value	3,028

Cash consideration

(SEKm)	Hutch
Cash paid	2,346
Cash and cash equivalents in the acquired companies	-144
Cash consideration	2,202

Acquisition 2020

The Group acquired 100% of the shares in Hutch Games Ltd. on 18 December 2020. Hutch is a leading developer and publisher of free-to-play mobile games focused on the racing genre in the highly attractive midcore segment. The acquisition enables strong growth opportunities within a new and highly attractive game category for MTG while also further diversifying the group's games portfolio.

The purchase price for the acquisition of Hutch (on a cash and debt free basis) consisted of an initial cash purchase price of USD 265,34 million (corresponding to SEK 2,224 million) and 627,431 new Class B Shares in MTG which some of the sellers subscribed for with payment by set-off at a subscription price corresponding to the volume-weighted average price of the Class B Share on Nasdaq Stockholm between 10 November-7 December 2020 (i.e. SEK 129,8 per share). The fair value of the share consideration thus amounts to SEK 81 million. The estimated levels of Hutch's net debt and working capital are subject to a potential adjustment during the first or second quarter of 2021 based on actual levels of the company's net debt and working capital according to an access financial statement prepared by the parties. In addition to this MTG may be required to pay an earn-out payment that pursuant to a calculation of the present value is estimated to amount to USD 71.6 million (equivalent to SEK 600 million), but deviations can occur depending on the outcome of the result in the coming four years. Calculated goodwill for Hutch is based on several factors such as expertise to successfully develop games within the mobile racing genre, realizing synergies together with other gaming companies in MTG's gaming vertical, scaling of existing and future games, and operational improvements by implementing MTG best practice.

Transactions costs of SEK 31 million are reported as administrative expenses in the Income Statement and in Adjusted EBITDA as M&A transaction costs.

Contributions during 2020 from the acquisition date

(SEKm)	Hutch
Net sales	0
EBIT	0

Contributions from acquisitions if the acquisition had occurred 1 January 2020

(SEKm)	Hutch
Net sales	639
EBIT ¹⁾	46

¹⁾EBIT includes acquisition-related adjustments of SEK 105 million.

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)	Q4 2020	Q4 2019	FY 2020	FY 2019
EBIT	91	-206	35	-407
Amortizations	48	60	195	202
Depreciation	20	23	88	96
EBITDA	160	-123	319	-109
Items affecting comparability	-7	98	9	152
Impairment own capitalized costs	10	93	20	93
Long-term incentive programs	-10	11	132	76
M&A transaction costs	40	5	56	28
Adjusted EBITDA	193	84	535	239

IAC in the fourth quarter contain a resolution of redundancy reserve in MTG AB of SEK positive 8 million and an M&A insurance cost of SEK 5 million. In ESL group the IAC contain a restructuring cost net of SEK 1 million, a redundancy cost of SEK 2 million, a write-up of a software of SEK positive 8 million and cost for a close-down of a production facility of SEK 1 million.

Sales growth by segment

(SEKm)	Q4 2020	Q4 2019	FY 2020	FY 2019
Esport				
<i>Organic growth</i>	-13%	11%	-22%	8%
<i>Acquisition/divestments</i>	-	-	-	-
<i>Changes in FX rates</i>	-4%	4%	-1%	5%
<i>Reported growth (%)</i>	-17%	15%	-23%	13%
Gaming				
<i>Organic growth</i>	4%	13%	7%	6%
<i>Acquisition/divestments</i>	-	-	-	-
<i>Changes in FX rates</i>	-6%	4%	-1%	4%
<i>Reported growth (%)</i>	-2%	17%	6%	10%
Total operations				
<i>Organic growth</i>	-3%	12%	-4%	7%
<i>Acquisition/divestments</i>	-	0%	-	-1%
<i>Changes in FX rates</i>	-6%	3%	-2%	4%
<i>Reported growth (%)</i>	-9%	15%	-6%	10%

Definitions

Adjusted EBITDA

EBITDA, adjusted for the effects of items affecting comparability, long-term incentive programs, acquisition-related transaction costs 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.

ARPPDAU

Average net 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/Operating income

Net income for the period from continuing operations before other financial items, net interest and tax

EBITDA

Profit for the period from continuing operations before other financial items, net interest, tax and 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

The change in net sales compared with the same period last year period, excluding acquisitions, divestments and adjusted for currency effect

Shareholders information

MTG's Annual General Meeting 2021

The Annual General Meeting will be held on 18 May 2021 in Stockholm. Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing either by post to the Company Secretary, Modern Times Group MTG AB, Annual General Meeting, P.O. Box 2094, SE-103 13 Stockholm, Sweden or by email to agm@mtg.com at least seven weeks before the Annual General Meeting in order for the proposal to be included in the notice to the meeting. Further details on how and when to register will be published in advance of the meeting.

Nomination Committee ahead of Annual General Meeting 2021

In accordance with the resolution by the Annual General Meeting regarding the procedure for the Nomination Committee, a Nomination Committee has been convened to prepare proposals for the Annual General Meeting 2021. The Nomination Committee comprises Klaus Roehrig, appointed by Active Ownership Corporation; Joachim Spetz, appointed by Swedbank Robur Fonder; David Marcus, appointed by Evermore Global Advisors, LLC and David Chance, the Chairman of the Board. In line with past practice, the members of the Committee have appointed Klaus Roehrig, representing the largest shareholder on the last business day of August 2020, as the Committee Chairman.

Information about the work of the Nomination Committee can be found on [MTG.com/governance](https://www.mtg.com/governance).

Shareholders wishing to submit proposals to the Nomination Committee may do so in writing either by post to the Company Secretary, Modern Times Group MTG AB, P.O. Box 2094, SE-103 13 Stockholm, Sweden or by email to agm@mtg.com.

Financial calendar

2020 Annual Report	April 13, 2021
Q1 2021 Interim financial results report	April 29, 2021
Annual General Meeting 2021	May 18, 2021
Q2 2021 interim financial results report	July 20, 2021
Q3 2021 Interim financial results report	October 28, 2021

Questions?

Lars Torstensson, Chief Financial Officer and EVP Communications & IR

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Follow us: [mtg.com](https://www.mtg.com) / [Twitter](https://twitter.com/mtg) / [LinkedIn](https://www.linkedin.com/company/mtg)

Conference call

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

Sweden:	+46 (0) 856 618 467
UK:	+44 (0) 844 481 9752
US:	+1 646 741 3167
Std. International	+44 (0) 2071 928 338

The access pin code for the call is 183 35 48. The conference call will be held in English.



Modern Times Group MTG AB (Publ.) - Reg no: 556309-9158 – Phone +46 562 000 50 – mtg.com

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

The information was submitted for publication, through the agency of the contact person set out above, at 2:00 pm CET on February 25, 2021.