

Record results driven by strong strategy execution leading to 16 percent pro forma net sales growth for the Group

- The gaming vertical delivered a record quarter, driven by the inclusion of the newly acquired companies Hutch, Ninja Kiwi, and PlaySimple. Net sales amounted to SEK 1,081 million resulting in a year-over-year growth of 59 percent, which is equivalent to 8 percent pro forma net sales growth for the vertical
- Following the diversification of the gaming vertical, MTG has created a central gaming organization to drive further synergies between its operating companies. As a result, Kongregate's CEO Markus Lipp and InnoGames' CMO Christian Pern will transition to new roles within the gaming vertical, taking up positions as gaming vertical CFO and CMO respectively
- The esports vertical reported a second consecutive quarter of net sales growth, on the back of a robust event schedule. ESL Gaming hosted five digital-only Master properties, of which one was a studio event. Net sales amounted to SEK 357 million, resulting in a year-over-year growth of 53 percent
- MTG's esports vertical continued to enhance its offerings and improve its strategic position with an elevated level of investment, ahead of a return to a full live-audience event schedule, which is expected during Q1 2022

Financial highlights

- Net sales increased by 58 percent to SEK 1,438 (912) million or 61 percent at constant currencies. Reflecting the headwinds faced by InnoGames and, to a lesser extent, Kongregate, organic growth was flat. Pro forma net sales growth amounted to 16 percent
- Adjusted EBITDA of SEK 306 (196) million. Adjustments included long-term incentive programs (LTI) of SEK 28 (50) million and total M&A transaction costs of SEK 41 (1) million
- EBITDA of SEK 237 (124) million and EBIT of SEK 95 (54) million
- Net income of SEK 45 (-11) million and basic earnings per share, before dilution of SEK 0.39 (-0.88) and after dilution of SEK 0.39 (-0.88)
- Cash balance of SEK 1,048 (1,589) million

Financial overview

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Net sales	1,438	912	3,647	2,932	3,997
of which Gaming	1,081	679	2,659	2,047	2,682
of which Esports	357	234	988	885	1,315
EBIT	95	54	63	-56	35
EBITDA	237	124	405	159	319
Adjusted EBITDA	306	196	561	342	535
Net income	45	-11	-90	-162	-96
Basic earnings per share, SEK	0.39	-0.88	-1.06	-3.86	-2.99
Diluted earnings per share, SEK	0.39	-0.88	-1.05	-3.86	-2.99
Sales growth, %	58%	-13%	24%	-5%	-6%
Changes in FX rates, %	-3%	-4%	-6%	0%	-2%
Sales growth at constant FX, %	61%	-9%	30%	-5%	-4%
of which organic growth, %	0%	-9%	-1%	-5%	-4%

President & CEO's comments

At the time of writing, we're well into the fourth quarter of the 2021 business year, and we're pleased to see that the anticipated normalization and opening up of societies is indeed materializing.

Our net sales increased by 61 percent at constant currencies, with double-digit growth in both verticals. Equally impressive, our pro forma net sales growth amounted to 16 percent - an important metric showing the strength of the group going forward. Adjusted EBITDA increased in the quarter, supported by higher profits in our gaming vertical and decreased losses in our esports vertical despite continued investments into strategic initiatives. Adjusted EBITDA was SEK 306 million in the quarter, with both esports and gaming recording sequential margin improvements.

On a personal note, the third quarter marked just over a year for me as CEO, and it has been an intense one. As part of our strategy, we've successfully executed a series of ambitious M&A transactions, building the foundation for a truly competitive gaming vertical defined by category mastery, diversity of genres, high quality IPs, and amazing talent. We also countered the negative impact of the pandemic in our esports vertical, adjusting our operating model in ways that will benefit us going forward. I'm as proud of what we've accomplished during the past year as I am excited about what we will accomplish as a team in the quarters to come.

Gaming – the benefits of a diverse gaming group

The gaming vertical's result demonstrated the success of our strategy to create a more diversified portfolio. Whilst the performance across the group was mixed, we are pleased to see that on a proforma basis we grew 8 percent, which is the result of having games that are in different parts of their growth cycle, come from different genres and have different revenue drivers. We will continue to build on the back of this diversified portfolio and to leverage the capabilities that sit within each company. Total revenue amounted to SEK 1,081 million with an adjusted EBITDA of SEK 364 million.

Our newly acquired companies performed well, with Ninja Kiwi and PlaySimple both showcasing strong growth on the back of their existing games portfolios. Ninja Kiwi's Bloons TD6 displayed the strength of an evergreen franchise and how it can drive strong organic traffic growth and user engagement. Additionally, PlaySimple's Anagram games in general, and WordTrip in particular, delivered excellent performance across multiple platforms.

InnoGames and Kongregate faced challenging year-over-year comparisons, headwinds related to marketing efficiency, and weaker performance from in-game events. As a group we have taken steps to adapt to the new marketing landscape and increased the ambitions for our in-game events. We can see early but promising signs of the headwinds easing going into Q4.

New game launches are key to driving long term sustainable growth and we are happy to see that our pipeline continues to perform well, with 10 new titles underway across the portfolio. In September Kongregate launched the anticipated title SpongeBob's Idle Adventures on mobile platforms and, in the coming months, InnoGames and PlaySimple are expected to fully launch several new titles. Additionally, Ninja Kiwi is expected to launch its Bloons Battles 2 late in the fourth quarter of 2021. In light of lower than expected performance Hutch decided to cease development of their title PuzzleHeist and instead to increase its focus on existing successful games such as F1 Clash and on other upcoming titles.

Esports – light at the end of the tunnel with live-audience events lined up

Despite Q4 2021 still being impacted by the pandemic, we are confident we will see a return to normality for esports during 2022.

While uncertainty remains and we need to be ready to adapt in case of setbacks, we're very pleased that ESL Gaming has announced its intention to host DreamHack Winter in Sweden at the end of November, with a full LAN-experience for grassroots fans in attendance. Additionally, in February 2022, DreamHack Anaheim will return to US soil, and IEM Katowice will host on-site pro esports competitions in front of crowds once again.

The third quarter benefitted from comparisons with the 2020 business year, which only included two smaller Masters events, resulting in organic net sales growth of 55 percent and reduced losses, with adjusted EBITDA amounting to SEK -33 million.

As gaming convergence continues, we are excited about what's to come for mobile competitive gaming. Hence, it is good to see that ESL Mobile Open continued to develop in a positive direction and kicked off the second season of ESL Mobile Challenge, including games such as PUBG Mobile and League of Legends: Wild Rift.

Looking forward – beginning to scratch the surface of synergies

In under a year, we've transformed MTG and executed on our strategy of becoming a more diversified gaming and esports company. Through the successful expansion of our gaming vertical, we have grown our span of genres and games. Our dependency on a single game is behind us and we have significantly broadened our revenue mix. Most importantly, we now have stronger Group capabilities and skills which we will leverage across the gaming vertical going forward.

I'm very proud of the quality and speed of our execution. While we have only begun to scratch the surface of potential Group-wide synergies, we're excited to see such a high level of engagement among all companies when it comes to learning from each other and collaborating to excel, a momentum we would like to maintain and build upon.

This foundation and drive to collaborate also influences how we organize our gaming vertical. We're pleased that Kongregate's CEO Markus Lipp and InnoGames' CMO, Christian Pern, will take up the positions of CFO and CMO respectively for the gaming vertical. These changes reflect the growth of the vertical as a whole and are positive examples of how we are starting to work on Group-wide initiatives, and also of how we can promote talents within the Group.

As for esports, we see a clear possibility of being able to return to a normal operating environment during 2022. We continue to make investments in strategic initiatives, such as competitive mobile gaming, B2C platforms and geographic expansion, to diversify our esports vertical. Additionally, we are exploring new strategic partnerships, to help us reinforce our leading position in the esports industry.

We continue to drive and execute on our Buy & Build strategy as both verticals operate in rapidly growing markets. With a more diversified business and the improved economics that come with greater scale, we expect to create shareholder value through both organic and inorganic growth in gaming and esports.

Maria Redin

Group President & CEO, Modern Times Group MTG AB

Significant events in and after the quarter

July 6 – ESL Gaming partnered with cryptocurrency platform Coinbase

ESL Gaming announced that global cryptocurrency platform Coinbase will become the Official Crypto Exchange Partner for key ESL events in 2021 and 2022, commencing at IEM Cologne 2021. Coinbase will also support the ESL Pro Tours for CS:GO, StarCraft® II and Warcraft® III.

July 6 – InnoGames relaunched its Partnership Programs

InnoGames relaunched its Partnership Program to attract even more partners with browser and mobile marketing capabilities. Through the program, Innogames' offers advertisers tailored solutions and a mutual exchange as well as a wide range of options such as revenue share, cost per engagement and cost per installation in addition to more opportunities for content creators and influencer marketing.

July 28 – MTG held an Extraordinary General Meeting

MTG held an Extraordinary General Meeting which resolved on, among other things, a directed issue of class C shares, transfer of class B shares to the sellers of Playsimple Games Private Limited as well as transfer of class B shares through an accelerated bookbuilding procedure.

July 29 – Kongregate unveiled Kongregate.io

Kongregate unveiled Kongregate.io, a new gaming portal that will launch in open beta later this year. The new site will be the next generation of Kongregate.com, a gaming portal designed for today's gamers. It will incorporate non-fungible tokens (NFTs) powered by Forte's blockchain payment system and create an ecosystem that allows players to collect and trade NFTs on the site itself, but also to add value within the games on the platform.

July 30 – MTG completed the first step in the acquisition of PlaySimple

MTG completed the first step in the acquisition of the shares in word games developer PlaySimple, which was announced through a press release on 2 July 2021, and on July 30 acquired 77 % of the shares in the company. Due to Indian foreign exchange regulations, the acquisition is carried out in two steps. The intention is to pay the remaining 23 % of the shares in PlaySimple against MTG class B shares. The second step will be completed following regulatory approval.

August 24 – MTG announced changes to its Executive Leadership Team

MTG announced changes to its executive management with CFO Lars Torstensson deciding to step down from his position as CFO at his own request due to personal and family reasons but remaining with the company as EVP Communications & IR and continuing to serve on the Executive Management Team.

August 29 – PlaySimple surpassed an all-time high annual recurring revenue of USD 160 million driven by strong growth in the Anagram franchise

PlaySimple crossed an all-time high ARR of USD 160 million driven by the strong growth of its Anagram franchise, and supported by the consistent performance of its Crossword & PvP franchises. Feature development and high impact monetization and growth optimizations across franchises contributed to continued value creation.

August 3 – ESL Mobile Open Fall 2021 season launched

ESL Gaming's ESL Mobile Open returned to the excitement of fans featuring 7 titles across 3 regions including Asphalt 9: Legends, PUBG Mobile, Clash of Clans and more.

September 9 – Kongregate launched SpongeBob's Idle Adventures

Kongregate launched the new mobile game SpongeBob's Idle Adventures, in which players on Apple iOS and Google Android get to follow SpongeBob and Patrick Star. The game features changing weekly events where players can visit different dimensions and collect themed fan-favorite characters from the hit Nickelodeon show.

September 6-10 – Ninja Kiwi's Bloons TD 6 featured on Steam Store front page

Ninja Kiwi's Bloons TD 6 shared the front page position on Steam's popular PC gaming store during the US Labor Day week. The feature included a discount on the game and, coupled with the recent Boss Events update, attracted another 260,000 paying players to the game and contributed to September being the second highest revenue month in Bloons TD 6's over three-year history.

September 16 – Hutch breaks daily revenue record

Hutch's 4-year-old hit game Top Drives went from strength to strength in September 2021 with its best ever month in daily revenue. This performance spike coincided with the release of the Japanese Pro Tour and the Summer Games collection series events in consecutive weeks.

September 15 – ESL announced the full tournament calendar for CS:GO on the ESL Pro Tour 2022 with plans to welcome fans back to physical live-audience events

ESL Gaming announced the full tournament calendar for its Counter-Strike: Global Offensive competitions. ESL Pro Tour CS:GO 2022 will feature over 25 competitions and the most anticipated ESL Pro Tour to date as ESL's CS:GO competitions come back to the biggest stages across the world and fans are expected to return to events including the flagship tournaments Intel® Extreme Masters Katowice and Intel® Extreme Masters Cologne.

October 1 – MTG announced the re-scheduling of its Capital Markets Day 2021

MTG announced that it had re-scheduled its previously announced Capital Markets Day and intends to hold it as early as possible in Q1 2022.

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

Group performance

Net sales

Consolidated Group net sales increased by 58 percent in the quarter to SEK 1,438 (912) million, or 61 percent at constant currencies. Organic growth amounted to 0 percent and pro forma net sales growth amounted to 16 percent. The gaming vertical's net sales increased by 59 percent, or 63 percent at constant currencies, driven by the acquisitions of Hutch, Ninja Kiwi and PlaySimple. The esports vertical's net sales increased by 53 percent, or 55 percent at constant currencies, mainly due to an increased number of master events, where ESL Gaming is starting to see a gradual improvement in the sentiment from brand partnerships.

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Net sales	1,438	912	3,647	2,932	3,997
of which Gaming	1,081	679	2,659	2,047	2,682
of which Esports	357	234	988	885	1,315
Sales growth, %	58%	-13%	24%	-5%	-6%
Changes in FX rates, %	-3%	-4%	-6%	0%	-2%
Sales growth at constant FX, %	61%	-9%	30%	-5%	-4%
of which organic growth, %	0%	-9%	-1%	-5%	-4%

Adjusted EBITDA, EBITDA and EBIT

Consolidated Group adjusted EBITDA in the quarter amounted to SEK 306 (196) million, representing a stable margin of 21 (22) percent.

EBITDA adjustments of SEK 70 (72) million in the quarter comprised LTI costs of SEK 28 (50) million and M&A transaction costs of SEK 41 (1) million.

Consolidated Group EBITDA was SEK 237 (124) million driven by the recently acquired gaming companies.

Group central operations impacted the quarter by SEK -25 (-22) million.

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
EBIT	95	54	63	-56	35
Amortization	120	47	276	147	195
Depreciation	22	23	65	68	88
EBITDA	237	124	405	159	319
Items affecting comparability	-	13	-	16	9
Impairment own capitalized costs	-	9	-	9	20
Long-term incentive programs	28	50	73	142	132
M&A transaction costs	41	1	84	16	56
Adjusted EBITDA	306	196	561	342	535
of which Gaming	364	255	796	599	800
of which Esports	-33	-36	-163	-178	-163
of which Central operations	-24	-23	-72	-79	-102
Adjusted EBITDA margin, %	21%	22%	15%	12%	13%

Depreciation and amortization in the quarter amounted to SEK 142 (70) million and included amortization of purchase price allocations (PPA) of SEK 87 (27) million. Excluding PPA, depreciation and amortization were SEK 55 (43) million. The increase is related to the acquisition of Hutch, Ninja Kiwi and PlaySimple.

Group EBIT in the quarter was SEK 95 (54) million, corresponding to an EBIT margin of 7 (6) percent. Operating costs before depreciation and amortization increased by 52 percent to SEK 1,201 (788) million.

Net financials and net income

Net financial items amounted to SEK -22 (-5) million. The gain from financial assets amounted to SEK 112 (0) million, mainly due to the revaluation of shares in Nazara Technologies Ltd of SEK 96 million. Discounting interest for earnout debt amounted to SEK -77 million (-2) and exchange differences amounted to SEK -52 (-2) million. Net interest amounted to SEK -1 (-1) million and other financial items amounted to SEK -4 (0) million. The Group's tax amounted to SEK -27 (-59) million, resulting in net income for the period of SEK 45 (-11) million.

Venture capital fund investments

To date, the MTG VC fund has invested a total of SEK 282 million (USD 33 million). In the quarter, MTG made an additional investment into Bitkraft's new token fund (Token Fund I). The fund is focused on investments at the intersection of cryptocurrency, blockchain, NFTs, and gaming. MTG's VC fund has invested in 23 companies to date to complement its majority stake investments in ESL Gaming, DreamHack Sports Games, Kongregate, InnoGames, Hutch, Ninja Kiwi and PlaySimple, and 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

Gaming

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Net sales	1,081	679	2,659	2,047	2,682
Sales growth, %	59%	8%	30%	9%	6%
Changes in FX rates, %	-4%	-4%	-6%	0%	-1%
Sales growth at constant FX, %	63%	12%	36%	9%	7%
of which organic growth, %	-19%	12%	-9%	9%	7%
EBIT	188	156	413	312	436
EBITDA	316	207	708	472	648
Adjusted EBITDA	364	255	796	599	800
Adjusted EBITDA margin, %	34%	38%	30%	29%	30%

The third quarter of 2021 was the first time that all three of MTG's recently announced acquisitions have been consolidated. As a result, net sales for the gaming vertical increased by 59 percent to SEK 1,081 (679) million including an adverse impact from foreign exchange rates of 4 percent resulting in growth at constant currencies of 63 percent.

Pro forma organic net sales growth amounted to 8 percent, driven by a strong performance among MTG's recently acquired titles. Especially Ninja Kiwi's Bloons TD6 that has achieved significant success by porting the game to both Steam and browser. Evergreen IPs such as Bloons TD6, has the potential to develop into a larger franchise over time. Moreover, PlaySimple's Anagram franchise, especially WordTrip, developed particularly well managing multiple complementary platforms to maximize operational performance despite a more challenging marketing environment.

InnoGames and Kongregate faced challenging year-over-year comparisons, headwinds related to marketing efficiency, and weaker performance from in-game events. The companies have taken steps to adapt to the new marketing landscape and increased their ambitions for their in-game events expecting the negative impact easing going into Q4.

Adjusted EBITDA in the quarter increased to SEK 364 (255) million, representing a margin of 34 percent (38), and was 4 percent lower than the all-time high level recorded in Q3 2020. The strong margin was supported by the profitable growth in MTG's newer games portfolio and a sustained solid margin in the classic games' portfolio.

EBITDA adjustments of SEK 48 (48) million in the quarter comprised LTI costs of SEK 15 (39) million and M&A transaction costs of SEK 33 (0) million.

EBITDA was SEK 316 (207) million in the quarter.

Capex amounted to SEK 56 (78) million in the quarter, down from last year that included the acquisition of Disney IPs, partly offset by a higher proportion of own games capitalized. There are currently 10 titles under development being capitalized.

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
DAU, million ¹	6.2	4.3	3.5	2.2	2.2
MAU, million ¹	32.4	24.6	18.9	9.3	9.4
ARPDau, SEK ¹	1.9	2.7	2.5	3.2	3.4
Revenue generated by the top 3 games, %	46%	66%	68%	75%	80%
Revenue generated by platform, %					
Mobile	73%	61%	58%	48%	49%
Browser	24%	39%	42%	50%	50%
Other	3%	0%	0%	2%	1%
Revenue generated by territory, %					
Europe	28%	51%	54%	51%	51%
North America	65%	42%	41%	44%	44%
Asia Pacific	6%	5%	4%	4%	4%
Rest of World	1%	1%	1%	1%	1%

1) Q1 DAU, MAU and ARPDau have been corrected

As a Group, MTG have strengthened its relevance by successfully executing on three acquisitions in the last year. These acquired companies all contribute to higher diversification of both revenue streams and genres, as well as lower dependency on a single game and hit titles. During the quarter, Daily Active Users (DAU) increased by 183 percent and Monthly Active Users (MAU) grew by 245 percent, impacted by the consolidation of the recently acquired gaming companies.

The Average Revenue per Daily Active User (ARPDau) declined by 45 percent in Q3 2021 as a result of the inclusion of the acquired companies Hutch, Ninja Kiwi and PlaySimple which operate in games segments with lower ARPDau.

With the inclusion of PlaySimple from the month of August, the top three titles changed in the quarter. The proportionate share of net sales generated by these titles declined to 46 percent, compared with the 80 percent in the preceding year, as a result of the diversification and growth within the Group companies.

Additionally, with the partial inclusion of PlaySimple, the mobile share increased to 73 percent (49) of total revenues.

93 percent of revenues was generated in the North American and European markets, where the North American share have increased. These markets are the target territories for most of the games within the Group companies.

Esports

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Net sales	357	234	988	885	1,315
Sales growth, %	53%	-44%	12%	-26%	-23%
Changes in FX rates, %	-2%	-4%	-6%	0%	-1%
Sales growth at constant FX, %	55%	-40%	18%	-26%	-22%
of which organic growth, %	55%	-40%	18%	-26%	-22%
EBIT	-64	-66	-264	-275	-288
EBITDA	-50	-49	-220	-223	-220
Adjusted EBITDA	-33	-36	-163	-178	-163
Adjusted EBITDA margin, %	-9%	-15%	-16%	-20%	-12%

Net sales for the esports vertical grew by 53 percent to SEK 357 (234) million with a negative impact of foreign exchange rates of 2 percent. Organic growth was 55 percent, aided by easier comparisons to the same period last year.

ESL Gaming successfully delivered and produced five Master properties as scheduled – four being produced as online, and one as studio event. DreamHack Sportsgames produced the NHL's annual gaming tournament remotely, and the European eTour concluded during the quarter. ESL Mobile continued to develop in a positive direction and kicked off the second season of ESL Mobile Challenge including games such as PUBG Mobile as well as operating the regional League of Legends: Wild Rift-tournaments for South-East Asia.

Adjusted EBITDA in the quarter amounted to SEK -33 (-36) million, representing a margin of -9 percent (-15). The improved margin was mainly driven by higher sales, partly offset by the investments in competitive mobile gaming, B2C platforms, and geographic expansion.

EBITDA adjustments of SEK 17 (13) million in the quarter comprised LTI costs of SEK 10 (11) million and M&A transaction costs of SEK 7 (0) million.

EBITDA was SEK -50 (-49) million in the quarter.

Capex amounted to SEK 10 (3) million in the quarter, driven by continuing investments in studio set-ups.

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Number of O&O properties	18	26	10	22	18
Master	5	6	3	6	2
Challenger	12	20	7	15	16
Open	1	-	-	1	-
Revenue generated by type, %					
Owned & operated	64%	52%	81%	75%	68%
Esports services	36%	48%	19%	25%	32%

Net sales in Own & Operated (O&O) grew by 44 percent to SEK 229 million in the quarter, reflecting a gradual movement back to a proportionally higher share of O&O sales as brand partner and media sentiment improves, albeit from a low base.

Net sales in Esports Services' (ESS) grew by 70 percent to SEK 128 million, driven events organized on behalf of PUBG Mobile, Wild Rift, Gamers without Borders and Hearthstone.

Financial review

Cash flow

Cash flow from operations before changes in working capital amounted to SEK 164 (135) million. A management incentive program (MIP) amounting to SEK 57 million was paid out by the gaming vertical during the quarter. The cost of the four-year program has been provisioned on a quarterly basis, and this was the second payment this year. Depreciation and amortization charges were SEK 142 (70) million, of which SEK 87 (27) million related to amortization of PPA. The increased depreciation and amortization is related to the acquisition of Hutch, Ninja Kiwi and PlaySimple.

The Group reported a SEK -173 (-42) million change in working capital. The majority of working capital changes relate to the Gaming vertical with the inclusion of the recently acquired companies, where PlaySimple have had payouts of SEK 70 million mainly coming from cancelled Employee Share Ownership Program (ESOP), taxes and accounts payable relating to costs before the acquisition date. Net cash flow from operations amounted to SEK -9 (93) million.

Investing activities

Cash flow used in investing activities included a net cash payment of SEK -2,161 million for the acquisition of 77 percent of the shares in PlaySimple. Net investment in VC funds affecting cash flow was SEK -7 (-3) million. Capital expenditure on tangible and intangible assets, mainly consisting of capitalized development costs for games and platforms that have not yet been released, amounted to SEK 73 (80) million in the quarter.

Total cash flow relating to investing activities amounted to SEK -2,242 (-83) million.

Financing activities

MTG financed the initial cash purchase price for PlaySimple with existing cash and through a combination of a bridge loan facility of SEK 1,000 million and a revolving credit facility (RCF) of SEK 1,000 million of which 900 million were utilized from DNB Bank ASA, Sweden branch and Swedbank AB (publ). The bridge loan facility has an initial term of six months, where MTG has the possibility to extend the term by six months. The revolving credit facility (RCF) has an initial term of 24 months and is extendable up to 36 months. The RFC has a SEK 100 million unutilized commitment. Capital injection from minority owners amounted to SEK 160 million in the gaming vertical, following the co-investments in recent acquisitions.

Total cash flow relating to financing activities amounted to SEK 2,056 (-7) million.

The net change in cash and cash equivalents amounted to SEK -196 (3) million.

The Group had cash and cash equivalents of SEK 1,048 (1,590) million at the end of the period.

Net debt

Net debt refers to the sum of interest-bearing liabilities less cash and cash equivalents. Interest-bearing liabilities such as additional purchase considerations or lease liabilities are not included. At the same period last year there was no external financing.

Net debt as of September 30, 2021, amounted to SEK 950 million. The net debt calculation includes external financing of SEK 1,900 million and SEK 98 million in deferred payment to Ninja Kiwi's previous owner that will be paid during the fourth quarter, less SEK 1,048 in cash and cash equivalents.

Parent Company

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

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Net sales	4	4	11	12	16
Net interest and other financial items	-7	1	-4	11	-33
Income before tax and appropriations	-30	-34	-81	-81	-173

Net interest for the quarter amounted to SEK -4 (-1) million. Unrealized and realized exchange differences amounted to SEK 1 (2) million and other financial items to SEK -4 (0).

The parent company had cash and cash equivalents of SEK 288 (764) million at the end of the period.

The total number of shares outstanding at the end of the period was 110,385,832 (76,190,509) and excluded the 304,880 class B shares and the 6,324,343 class C shares held by MTG as treasury shares. The total number of shares in the company is 117,015,055. In accordance with the decision at the extraordinary general meeting on July 28, MTG has repurchased 6,194,343 class C shares. The class C shares, which were issued in accordance with the decision at the extraordinary general meeting on July 28, 2021, were subscribed and paid for, and immediately repurchased from, Nordea Bank Abp.

Other information

Accounting policies

This interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and the Swedish Annual Accounts Act'. The interim report for the parent company has been prepared according to the Swedish 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 2020 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.

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 and uncertainties

Significant risks and uncertainties exist for the Group and the parent company. These factors include the prevailing economic and business environments in certain 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; the emergence of new technologies and competitors; and cyber-attacks.

The Group's esports 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.

Risks and uncertainties are also described in more detail in the 2020 Annual Report, which is available at www.mtg.com.

Stockholm, October 28, 2021

Maria Redin

Group President & CEO, Modern Times Group MTG AB

Auditors' Review Report

Introduction

We have reviewed the summary interim financial information (interim report) of Modern Times Group MTG AB (publ.) as of 30 September 2021 and the nine month period then ended. The Board of Directors and the President & CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 28 October, 2021

KPMG AB

Helena Nilsson

Authorized Public Accountant

Condensed consolidated income statement

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Net sales	1,438	912	3,647	2,932	3,997
Cost of goods and services	-706	-333	-1,765	-1,339	-1,777
Gross income	732	580	1,883	1,593	2,219
Selling expenses	-272	-219	-860	-811	-1,062
Administrative expenses	-390	-312	-960	-854	-1,130
Other operating income	8	12	24	26	32
Other operating expenses	17	6	-22	6	-16
Share of earnings in associated companies and joint ventures	0	-1	-1	-1	1
Items affecting comparability	-	-13	-	-16	-9
EBIT	95	54	63	-56	35
Net interest	-1	-1	-17	-6	-8
Other financial items	-21	-4	-28	1	54
Income before tax	73	49	18	-61	81
Tax	-27	-59	-108	-100	-177
Total net income for the period	45	-11	-90	-162	-96
Total net income for the period attributable to:					
Equity holders of the parent	44	-67	-107	-294	-228
Non-controlling interest	2	56	18	133	132
Total net income for the period	45	-11	-90	-162	-96
Basic earnings per share, SEK	0.39	-0.88	-1.06	-3.86	-2.99
Diluted earnings per share, SEK	0.39	-0.88	-1.05	-3.86	-2.99
Number of shares¹					
Shares outstanding at the end of the period	110,385,832	76,190,509	110,385,832	76,190,509	76,190,509
Basic average number of shares outstanding	110,385,832	76,190,509	101,562,884	76,190,509	76,190,509
Diluted average number of shares outstanding	110,554,289	76,190,509	101,700,616	76,190,509	76,190,509

1) Retrospectively adjusted due to rights issue with a bonus element

Consolidated statement of comprehensive income

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Net income	45	-11	-90	-162	-96
Other comprehensive income					
Items that are or may be reclassified to profit or loss net of tax					
Currency translation differences	171	-9	398	2	-314
Total comprehensive income for the period	216	-20	308	-159	-410
Total comprehensive income attributable to:					
Equity holders of the parent	181	-81	209	-305	-421
Non-controlling interest	35	61	99	146	11
Total comprehensive income for the period	216	-20	308	-159	-410

Condensed consolidated balance sheet

(SEKm)	Sep 30 2021	Sep 30 2020	Dec 31 2020
Non-current assets			
Goodwill	10,652	3,969	6,078
Other intangible assets	3,317	1,389	1,973
Total intangible assets	13,969	5,358	8,052
Total tangible assets	121	116	104
Right of use assets	130	133	129
Shares and participations in associated and other companies	444	221	272
Other financial receivables	308	284	242
Total non-current financial assets	752	505	514
Total non-current assets	14,972	6,113	8,799
Current assets			
Inventories	12	35	11
Other receivables	1,103	1,035	837
Cash, cash equivalents and short-term investments	1,048	1,589	1,153
Total current assets	2,163	2,659	2,000
Total assets	17,134	8,772	10,800
Equity			
Shareholders' equity	8,052	4,868	3,840
Non-controlling interest	1,929	1,361	1,375
Total equity	9,981	6,230	5,216
Non-current liabilities			
Liabilities to financial institutions	900	-	-
Lease liabilities	88	99	90
Other non-current interest-bearing liabilities	0	-	-
Total non-current interest-bearing liabilities	988	99	90
Provisions	930	630	706
Contingent consideration	1,625	338	589
Other non-interest-bearing liabilities	11	3	-
Total non-current non-interest-bearing liabilities	2,566	971	1,295
Total non-current liabilities	3,554	1,070	1,385
Current liabilities			
Contingent consideration	384	11	11
Liabilities to financial institutions	1,000	-	1,800
Lease liabilities	43	36	42
Other interest-bearing liabilities	820 ²	-	1,144 ¹
Other non-interest-bearing liabilities	1,352	1,426	1,202
Total current liabilities	3,599	1,472	4,199
Total liabilities	7,153	2,542	5,584
Total shareholders' equity and liabilities	17,134	8,772	10,800

1) Current debt in the form of a vendor note in connection with the acquisition of an additional 17 percent of the shares in InnoGames in December 2020, repaid in March 2021.

2) Remaining purchase consideration for Ninja Kiwi SEK 98 million and liability for acquisition of the remaining 23% of PlaySimple SEK 722 million.

Condensed consolidated statement of cash flows

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Cash flow from operations	164	135	153	188	242
Changes in working capital	-173	-42	-173	-12	28
Net cash flow to/from operations	-9	93	-21	175	270
Acquisitions of subsidiaries, associates and other investments	-2,168	-3	-2,726	-45	-2,263
Investments in other non-current assets	-73	-80	-185	-166	-208
Other cash flow from/used in investing activities	-2	-1	-30	0	0
Cash flow from/used in investing activities	-2,242	-83	-2,940	-211	-2,471
Net change in borrowings	1,900	0	100	0	1,800
Repayment vendor note	-	-	-1,142	-	-
New share issue	-	-	3,605	-	-
Capital injection from non-controlling interest	160	-	314	-	-
Dividends to minority owners	-	-	-	-188	-188
Other cash flow from/used in financing activities	-4	-7	-44	-31	-55
Cash flow from/used in financing activities	2,056	-7	2,833	-218	1,558
Total net change in cash and cash equivalents	-196	3	-128	-254	-644
Cash and cash equivalents at the beginning of the period	1,229	1,571	1,153	1,824	1,824
Translation differences in cash and cash equivalents	14	16	23	19	-28
Cash and cash equivalents at end of the period	1,048	1,590	1,048	1,589	1,153

Condensed consolidated statement of changes in equity

(SEKm)	Sep 30 2021	Sep 30 2020	Dec 31 2020
Opening balance	5,216	6,581	6,581
Net income for the period	-90	-162	-96
Other comprehensive income for the period	398	2	-314
Total comprehensive income for the period	308	-159	-410
Effect of employee share programmes	5	-1	-1
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
New share issue ¹	4,169	-	-
Repurchase of shares	-31	-	-
Capital injection from non-controlling interest	314	-	-
Change in non-controlling interests	-	-5	-
Dividends to non-controlling interests	-	-186	-188
Closing balance	9,981	6,230	5,216

1) New share issue is presented after deduction of transaction costs of SEK 42 million

Parent company condensed income statement

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
Net sales	4	4	11	12	16
Gross income	4	4	11	12	16
Administrative expenses	-26	-39	-88	-104	-156
Operating income	-23	-35	-77	-93	-140
Net interest and other financial items	-7	1	-4	11	-33
Income before tax and appropriations	-30	-34	-81	-81	-173
Appropriations	-	-	-	-4	164
Tax	-	-	-	-	-
Net income for the period	-30	-34	-81	-85	-9

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

Parent company condensed balance sheet

(SEKm)	Sep 30 2021	Sep 30 2020	Dec 31 2020
Non-current assets			
Capitalized expenditure	1	1	1
Machinery and equipment	1	2	2
Shares and participations	11,372	5,849	7,813
Total non-current assets	11,374	5,851	7,815
Current assets			
Current receivables	31	33	216
Cash, cash equivalents and short-term investments	288	764	516
Total current assets	319	798	733
Total assets	11,693	6,649	8,548
Shareholders' equity			
Restricted equity	585	338	338
Non-restricted equity	9,126	5,145	5,299
Total equity	9,711	5,483	5,637
Untaxed reserves	43	115	43
Non-current liabilities			
Liabilities to financial institutions	900	-	-
Total non-current liabilities	900	0	0
Current liabilities			
Other interest-bearing liabilities	1,005	988	2,794
Non-interest-bearing liabilities	34	63	74
Total current liabilities	1,039	1,051	2,868
Total shareholders' equity and liabilities	11,693	6,649	8,548

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)	Sep 30 2021				Sep 30 2020			
	Carrying value	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Shares and participations in other companies	423	133	-	290	202	-	-	202
Financial liabilities measured at fair value								
Contingent consideration	2,008	-	-	2,008	348	-	-	348

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 subsequent financing through 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. Listed holdings are valued at the current share price.

The Group owns shares in Nazara Technologies Ltd. which is reported at fair value in the income statement with a value of SEK 133 million as of September 30, 2021 (SEK 36 million as of September 30, 2020). The fair value was previously categorized in level 3 when the shares were not listed. In 2021, Nazara Technologies Ltd. listed its shares and there are thus quoted prices on an active market, which prompted a transfer from level 3 to level 1.

Level 3

(SEKm)	Sep 30 2021	Sep 30 2020
Opening balance 1 January	252	198
Reported gains and losses in net income for the period	31	-4
Acquisition	33	13
Divestment	0	-6
Transfer to level 1	-36	-
Translation differences	10	0
Closing balance	290	202

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)	Sep 30 2021	Sep 30 2020
Opening balance 1 January	600	377
New acquisitions	1,280	-
Exercised payments	-11	-38
Revaluation	-11	-
Reclassification	6	-
Interest expense	77	6
Translation differences	66	3
Closing balance	2,008	348

Net sales and result by segment

	Esports		Gaming		Central ops.		Total ops.	
(SEKm)	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Net sales	357	234	1,081	679	0	0	1,438	912
EBIT	-64	-66	188	156	-30	-35	95	54
Income before tax					73	49	73	49

	Esports		Gaming		Central ops.		Total ops.	
(SEKm)	Nine months 2021	Nine months 2020	Nine months 2021	Nine months 2020	Nine months 2021	Nine months 2020	Nine months 2021	Nine months 2020
Net sales	988	885	2,659	2,047	0	0	3,647	2,932
EBIT	-264	-275	413	312	-85	-93	63	-56
Income before tax					18	-61	18	-61

Acquisitions

Acquired operations 2021

(SEKm)	Ninja Kiwi	PlaySimple
Cash paid	583	2,388
Payment with MTG shares	541	-
Additional purchase price and other settlements, non-paid	487	1,597
Total consideration	1,611	3,985
Recognised amounts of identifiable assets and liabilities		
Net assets	65	-16
Cash and cash equivalents	76	227
Deferred tax receivables/liabilities net	-97	-232
Intangible assets	400	921
Net identifiable assets and liabilities	444	900
Goodwill	1,167	3,085
Total value	1,611	3,985

Cash consideration

(SEKm)	Ninja Kiwi	PlaySimple
Cash paid	583	2,388
Cash and cash equivalents in the acquired companies	-76	-227
Cash consideration	507	2,161

Ninja Kiwi

The Group completed the acquisition of 100 percent of the shares in Ninja Kiwi Ltd. on June 1. Ninja Kiwi is a New Zealand-based leading tower defense mobile games developer and publisher. Ninja Kiwi has a diversified games portfolio consisting of over 25 premium and free-to-play games which the company developed by building and improving games around the evergreen Bloons IP. Ninja Kiwi has broadened MTG's gaming vertical to also include the tower defense games genre. The acquisition of Ninja Kiwi marks an important next step in the build-up of a more diversified gaming segment with high-quality gaming companies and is in line with MTG's strategy to drive value creation through organic growth and strategic mergers and acquisitions.

The purchase price for the acquisition of Ninja Kiwi (on a cash and debt-free basis) consisted of an initial purchase price of SEK 1,223 million (NZD 204 million). Of the upfront purchase consideration, SEK 541 million (NZD 90 million) was paid through a directed share issue to the sellers of Ninja Kiwi comprising 4,435,936 new class B shares in MTG, which were paid by way of set-off. The subscription price per share amounts to the equivalent of SEK 121.9, corresponding to the volume-weighted average price of the class B shares on Nasdaq Stockholm during February 24-March 23, 2021. Of the remaining part of the upfront purchase consideration, equivalent to SEK 682 million (NZD 114.5 million), SEK 583 million (NZD 98 million) was paid in cash and the remaining SEK 98 million (NZD 16.5 million) will be paid in cash at the end of 2021. Ninja Kiwi's estimated net debt and working capital are subject to a potential adjustment when Ninja Kiwi's fiscal year ending March 31, 2021, has been audited. In addition, MTG may be required to pay an earn-out where the discounted value is estimated to amount to SEK 389 million (NZD 64.5 million). The amount of the earnout payments, which are made annually, depend on the financial performance of Ninja Kiwi during 2021-2022. Calculated goodwill for Ninja Kiwi is based on several factors. Among these are Ninja Kiwi's strong portfolio of live games and games in development, its established genre mastery, and the potential for additional Group-wide synergies across MTG's gaming vertical, which will enable

further increased user acquisition rates and lifetime values (LTV) for existing and new titles as well as operational improvements by implementing a new best practice across the gaming vertical.

Transactions costs of SEK 12 million are reported as administrative expenses in the income statement and as M&A transaction costs in adjusted EBITDA.

PlaySimple

The Group completed the acquisition of 77% of the shares in PlaySimple on July 30, 2021. The second step of acquiring the remaining 23% of the shares in PlaySimple will be completed following regulatory approval. In the financial statement, a liability is recognized for the future acquisition of the remaining 23% and PlaySimple is treated as fully acquired (100%). No non-controlling interest is recognized. PlaySimple is a fast-growing developer and publisher of high-quality free-to-play mobile word games. With more than 200 full-time employees, a vision to create simple and impactful casual game experiences on a massive scale and best-in-class tech and analytics infrastructure, PlaySimple has become one of India's most exciting and fastest-growing mobile gaming companies. The company has built a worldwide network of chart-topping games with over 75 million installs to date across the hit titles Daily Themed Crossword, Word Trip, Word Jam, Word Wars and Word Trek.

The purchase price for the acquisition of PlaySimple (on a cash and debt-free basis) consisted of an upfront consideration of SEK 3,090 million (USD 360 million). Of the upfront consideration, 77%, equivalent to SEK 2,388 million, was paid in cash on July 30, 2021, and 23% will be paid in MTG class B shares following regulatory approval for the founders to receive the consideration in shares. Upon approval, the founders will receive 6,194,343 MTG class B shares for the remaining 23% of the shares in PlaySimple (equivalent to a value per MTG class B share of SEK 115.16, which corresponds to the 20-day volume-weighted average price of MTG class B shares on Nasdaq Stockholm up to and including July 1, 2021, using the USD/SEK FX-rate of 8.582). If the founders do not obtain approval to receive the consideration in shares by October 31, 2023, MTG will acquire the remaining shares in PlaySimple against a cash consideration equivalent to the value of the consideration in shares at such time. In addition to the upfront consideration, MTG will pay performance-based earn-out payments where the discounted value is estimated to amount to SEK 891 million in aggregate. The amount of the earnout payments, which are made annually, depend on the financial performance of PlaySimple during 2021-2025. PlaySimple's estimated net debt and working capital are subject to potential adjustments when PlaySimple's fiscal year ending March 31, 2021, has been audited. Calculated goodwill for PlaySimple is based on several factors. Among these are PlaySimple's best-in-class advertising infrastructure, its strong portfolio of lives games in the word games genre, its track record of developing multiple highly successful free-to-play games, and the potential for Group-wide synergies within ads monetization, user acquisition and cross-promotion throughout MTG's gaming vertical.

Transactions costs of SEK 35 million for the acquisition are reported as administrative expenses in the income statement and as M&A transaction costs in adjusted EBITDA.

Contributions from acquisitions in 2021 to date

(SEKm)	Ninja Kiwi	PlaySimple
Net sales	160	223
EBIT ¹	74	41

1) EBIT includes amortization costs of purchase price allocations of SEK 14 million for Ninja Kiwi and SEK 22 million for PlaySimple.

Contributions from acquisitions if the acquisition had occurred on January 1, 2021

(SEKm)	Ninja Kiwi	PlaySimple
Net sales	373	865
EBIT ¹	169	15

1) EBIT includes amortization costs of purchase price allocations of SEK 31 million for Ninja Kiwi and SEK 101 million for PlaySimple. The result for PlaySimple also include SEK 31 million in accelerated vesting of Employee Share Ownership Program (ESOP).

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 uses the following APMs:

- Adjusted EBITDA
- Change in net sales from organic growth

Reconciliation of adjusted EBITDA

Adjusted EBITDA is used to assess MTG's underlying profitability. Adjusted EBITDA is defined as EBITDA adjusted for the effects of items affecting comparability, long-term incentive programs, acquisition-related transaction costs and impairment of capitalized internal work. 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.

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020	FY 2020
EBIT	95	54	63	-56	35
Amortization	120	47	276	147	195
Depreciation	22	23	65	68	88
EBITDA	237	124	405	159	319
Items affecting comparability	-	13	-	16	9
Impairment own capitalized costs	-	9	-	9	20
Long-term incentive programs	28	50	73	142	132
M&A transaction costs	41	1	84	16	56
Adjusted EBITDA	306	196	561	342	535

Reconciliation of sales growth

Since the Group generates the majority of its sales in currencies other than in the reporting currency (i.e. SEK, Swedish krona) and currency rates have proven to be rather volatile, the Group's sales trends and performance are analyzed as changes in organic sales growth. This presents the increase or decrease in the overall SEK net sales on a comparable basis, allowing for separate discussions of the impact of exchange rates, acquisitions, and divestments. The following table presents changes in organic sales growth as reconciled to the change in the total reported net sales.

(SEKm)	Q3 2021	Q3 2020	Nine months 2021	Nine months 2020
Gaming				
Organic growth	-19%	12%	-9%	9%
Acquisition/divestments	82%	-	45%	-
Changes in FX rates	-4%	-4%	-6%	0%
Reported growth (%)	59%	8%	30%	9%
Esports				
Organic growth	55%	-40%	18%	-26%
Acquisition/divestments	-	-	-	-
Changes in FX rates	-2%	-4%	-6%	0%
Reported growth (%)	53%	-44%	12%	-26%
Total operations				
Organic growth	0%	-9%	-1%	-5%
Acquisition/divestments	61%	-	31%	-
Changes in FX rates	-3%	-4%	-6%	0%
Reported growth (%)	58%	-13%	24%	-5%

Organic pro forma growth

Since the Group from time to time make transactions in the market, it is relevant to more accurately describe a current trend. Organic pro forma growth as a measure refer to an underlying development, including the acquisitions of Hutch, Ninja Kiwi and PlaySimple as if they were always part of MTG Group. The pro forma figures have been prepared with advise from external expertise in order to restate a GAAP financial statement to IFRS and may include timing adjustments for both income and costs.

(SEKm)	Gaming	Esports	Group
Reported Sales Q3 2020	679	234	912
Adjustment for acquisitions	441	-	441
Pro forma Reported Sales	1 119	234	1 353
Reported Sales Q3 2021	1 081	357	1 438
Adjustment for acquisitions	105	-	105
Pro forma Sales Q3 2021	1 186	357	1 543
Foreign currency fluctuation	21	6	27
Pro forma Organic Sales	1 207	363	1 570
Pro forma Organic Growth	8%	55%	16%

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 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.

Challenger

Smaller-scale competitions with semi-professional players.

DAU

Daily active users.

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

Esports 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 users.

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, excluding acquisitions and divestments and adjusted for currency effects.

Organic Proforma growth

The change in net sales compared with the same period last year as if the company would have been fully consolidating its acquisitions and divestments as of the previous period and adjusted for currency effects.

Transactional currency effect

The effect that foreign exchange rate fluctuations can have on a completed transaction prior to settlement. This refers to the exchange rate, or currency risk associated specifically with the time delay between entering into a trade or contract and then settling it.

Translational currency effect

Converting one currency to another, often in the context of the financial results of foreign subsidiaries into the parent company's and/or the Group's functional currency.

UA

User acquisition.

Shareholder information

MTG's Annual General Meeting 2022

The Annual General Meeting will be held on 24 May 2022 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 2022 Annual General Meeting

In accordance with the resolution by the Annual General Meeting of MTG shareholders regarding the procedure for the Nomination Committee, a Nomination Committee has been convened to prepare proposals for the 2022 Annual General Meeting. The Nomination Committee comprises Klaus Roehrig, appointed by Active Ownership Corporation; Joachim Spetz, appointed by Swedbank Robur Fonder; Eric Sibbern, appointed by Kabouter Management, LLC and Simon Duffy, 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 2021, as the Committee Chairman.

Please see the following section on MTG.com for information about the work of the Nomination Committee: <https://www.mtg.com/governance/nomination-committee/>.

Shareholders wishing to propose candidates for election to the MTG Board of Directors should submit their proposals in writing to agm@mtg.com or to the "Company Secretary", Modern Times Group MTG AB, P.O. Box 2094, SE-103 13 Stockholm, Sweden.

Financial calendar

Item	Date
Q4 2021 Interim Financial Results report	February 7, 2022
Q1 2022 Interim Financial Results report	April 27, 2022
Annual General Meeting 2022	May 24, 2022
Q2 2022 Interim Financial Results report	July 20, 2022
Q3 2022 Interim Financial Results report	October 26, 2022

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 on Thursday, October 28, at 15:00 CEST. The conference call will be held in English. 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
Access pin code	612 52 39

Please note that only dial-in participants can ask questions during the conference call. The conference call will also be streamed via the following link:

<https://edge.media-server.com/mmc/p/isfg8s3w>



Modern Times Group MTG AB (Publ.) – Reg no: 556309-9158 – Phone: +46 (0) 8-562 000 50

Modern Times Group MTG AB (www.mtg.com) is a strategic acquirer and operator of companies in gaming and esports entertainment. Founded in Sweden and headquartered in Stockholm, our shares (MTG A and MTG B) are listed on Nasdaq Stockholm.

This information is information that Modern Times Group MTG AB (publ.) 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 02:00pm CEST on October 28, 2021.