

MTG continues to outgrow the market in Q1 and delivers 10 percent pro forma revenue growth

- Strong performance underpinned by continued healthy growth of in-game ad revenues (IAA) and several popular gaming titles
- Further investments in new games and content launches. In 2022 InnoGames began accelerating their investments in new titles, which are showing positive development and will support the group's organic growth in the second half of the year
- MTG is now a pure-play gaming group following the successful closing of the sale of ESL Gaming to Savvy Gaming Group on April 21. The divestment is expected to generate net proceeds of USD 875 million for the group, with at least 40 percent of the money returned to MTG's shareholders

Financial highlights Q1, continuing operations

- Net sales of SEK 1,357 (767) million equal to pro forma YoY growth of 10 percent, or 77 percent reported revenue growth
- Adjusted EBITDA of SEK 342 (182) million. The adjustments of SEK 104 (34) million included long-term incentive (LTI) programs of SEK 71 (9) million, impairment of own capitalized costs of SEK 7 (-) million and total M&A transaction costs of SEK 26 (25) million
- EBITDA of SEK 239 (148) million and EBIT of SEK 85 (66) million
- Net financial items amounted to SEK -122 (-49) mainly due to discounted interest on earnouts of SEK -49 million and unrealized exchange differences of SEK -72 million
- Tax costs amounted to SEK -75 (-33) million
- Total net income from continuing operations of SEK -111 (-15) million and total basic earnings per share of SEK -0.77 (-0.18)
- Cash and cash equivalents at the end of the period amounted to SEK 894 (1,750) million

Financial overview

(SEKm)	Q1 2022	Q1 2021	FY 2021
Continuing operations			
Net sales	1,357	767	3,931
EBIT	85	66	505
EBITDA	239	148	978
Adjusted EBITDA	342	182	1,102
Net income	-111	-15	-248
Basic earnings per share (SEK)	-0.77	-0.18	-1.94
Diluted earnings per share (SEK)	-0.77	-0.18	-1.94
Discontinued operations			
Net income	-204	-109	-207
Total operations			
Net income	-315	-124	-454
Basic earnings per share (SEK)	-2.62	-1.44	-3.94
Diluted earnings per share (SEK)	-2.62	-1.44	-3.93
Growth, continuing operations			
Sales growth, %	77%	23%	47%
Changes in FX rates	6%	-9%	-4%
Sales growth at constant FX	71%	32%	51%
of which organic growth	-9%	9%	-9%
Pro forma growth	10%	-	12%

Please refer to page 19 for detailed pro forma growth table

President & CEO's comments

The solid growth in the first quarter of the year showcases the strength of the group's diverse studio and IP portfolio, as the overall casual and mobile games markets enter a post-Covid phase. The acquisitions MTG made in 2021 continue to be our main engine of growth and supported the group's 10 percent year-on-year pro forma sales growth in the quarter. As a result, our net sales from continuing operations were up 71 percent year-on-year in the quarter in constant currencies.

Our organic sales declined by 9 percent year-on-year in the quarter, as the overall games market continued to be affected by the ongoing return to normalcy after the pandemic, which has an ongoing dampening effect on in-app purchases. The group's overall performance was also affected by the decline in the overall popularity of idle games, which have made up a significant part of Kongregate's portfolio until now.

The group reported adjusted EBITDA of SEK 342 million in the quarter, which was an 88 percent year-on-year increase from Q1. The group's profitability continues to reflect the quality, range and diversity of our gaming portfolio and the healthy mix of product lifecycles among our games. Our adjusted EBITDA margin was 25 percent in the quarter, as the group continues to invest in its studios, user acquisition and live-ops.

A solid first quarter as a pure-play gaming company

The first quarter represented an important and transformative time for MTG, as we kicked off our first year as a pure-play gaming group. We continued bolstering key capabilities that will help our gaming companies drive future user growth and increased play time across our wide range of gaming IPs.

Our pure-play gaming strategy is focused on helping our portfolio companies accelerate their commercial performance, while providing them with the freedom and autonomy to continue to create great games. We also continued our work to evolve key skills and capabilities across the group.

One of the key focus areas in the quarter has been to accelerate our marketing and user acquisition activities. Christian Pern, who has previously served as CMO of InnoGames, has now taken up the central CMO role at MTG. We have already put in place shared marketing infrastructure and Christian is now starting to work closely with several of our gaming studios to speed up user acquisition and increase marketing efficiency.

Saying farewell to ESL Gaming as they begin the next stage of their journey

ESL Gaming and our esports vertical are reported as discontinued operations in Q1, following the announcement on 24 January that we had signed an agreement to divest our esports business. The transaction closed on April 21, in line with our expectations.

We wish everyone at ESL Gaming success and the best of luck. We're very proud of what we've accomplished together and I can't wait to see what they do next. The merger of ESL Gaming and FACEIT is set to transform the esports and competitive gaming landscape yet again. I'm excited for what that means for ESL FACEIT Group, esports fans and players.

Looking ahead into Q2 and the second half of 2022

MTG is ready and excited for its journey as a pure-play gaming group. While we still believe that the gaming market will continue to grow, overall uncertainty is increasing due to the lingering pandemic, inflation, and the overall global macroeconomic and geopolitical situation.

Our focus going into the second quarter of the year is on scaling up the group's new game launches and increasing our ongoing investments in user acquisition across the board. MTG's organic growth is also expected to benefit from the growing player base in the second half of the year. This thanks to the titles launched by InnoGames during the quarter and Ninja Kiwi's ongoing investment in scaling up their new game Bloons TD Battles 2. At the same time, the group's overall ad revenues should continue to increase as the year progresses. We will also continue to invest in player retention and engagement activities through live-ops and drive performance by boosting our business intelligence capabilities.

At the same time, we remain committed to exploring additional M&A opportunities and to be a driving force in the ongoing consolidation of the gaming industry. We have a clearly defined strategy and acquisition criteria to ensure that we pursue high-quality M&A targets, where being part of the group would benefit the entrepreneurs as well as MTG and our portfolio companies.

On April 21 we successfully closed the transaction to divest ESL Gaming to Savvy Gaming Group. We will return at least 40 percent of the proceeds from the deal to our shareholders through a combination of a share redemption and a share buyback program. The rest of the proceeds will be used to accelerate our organic and non-organic expansion.

We have come a long way as a group, and we'll continue to transform and reshape MTG in 2022 and beyond. We look forward to sharing more details with our shareholders, analysts and the market in June, when we will host a streamed capital markets update.

I want to thank our team for their dedication and drive. I also want to thank our shareholders for their continued support and look forward to sharing more news and updates with you as the year progresses.

Maria Redin

Group President & CEO, Modern Times Group MTG AB

Outlook for the full year 2022

MTG expects to continue to grow faster than the overall gaming market. The group currently expects its pro forma growth rate and adjusted EBITDA margin for Q1 to be indicative for the full year, with the latter reflecting the significant investments in marketing and user acquisition, as well as new game titles and in-game content.

Capital Markets Update

MTG will host a live streamed and recorded half day Capital Markets Update in June. The event will be hosted by MTG's President and CEO Maria Redin, CFO Lasse Pilgaard and EVP of Games Arnd Benninghof. MTG will share further details and a registration link for the event in due time.

Significant events in and after the quarter

January 24 – MTG divests ESL Gaming to Savvy Gaming Group for USD 1,050 million to combine with FACEIT and create global leader in competitive gaming

MTG announces the sale of ESL Gaming to Savvy Gaming Group in an all-cash transaction that valued ESL Gaming at an enterprise value of USD 1,050 million. MTG owns 91.46 percent of ESL Gaming, which corresponds to USD 960 million of the total enterprise value and represents a total return on investment of 2.5x. Savvy Gaming Group is simultaneously acquiring FACEIT and will merge the two companies to create the leading global platform for competitive gaming – ESL FACEIT Group.

January 25 – Worldwide release of Rise of Cultures, a new city building game by InnoGames

InnoGames releases a new city builder game for iOS and Android. The company took key learnings from Forge of Empires and created a mobile-first game where players establish an empire and build cities playing as the most famous cultures of mankind. Progress is dependent on a player's leadership abilities and skills in PvE battles with real-time combat mechanics.

February 11 – Ninja Kiwi launches Bloons TD6+ on Apple Arcade

Ninja Kiwi's popular tower defence game is made available on Apple Arcade. It was one of the featured titles for a week and continues to be featured in Top Arcade Games.

February 14 – Kongregate announces blockchain gaming partnership with Immutable X

Kongregate announced a new partnership with Immutable X, Ethereum's leading Layer 2 (L2) scaling solution for non-fungible tokens (NFTs). The goal of the partnership is to create fun and innovative blockchain-first games which utilize NFTs to bring players immersive and fresh experiences and to grow the group's NFT gaming capabilities. Immutable X's technology will ensure that these games will be enabled with gasless and fully carbon-neutral NFTs.

February 24 – iOS and Android launch of Sunrise Village, a new exploration and farming simulation game by InnoGames

Sunrise Village brings a new world for players and a new genre for the company. InnoGames has released a new exploration and farming simulation game for iOS and Android, which expands the company's portfolio and complements its existing titles. In Sunrise Village, players trade the bustling city for the peaceful countryside and enter a world of mystery. They are tasked with solving these mysteries and restoring a village to its former glory with support from the locals. Sunrise Village impresses with a beautiful 3D world and carefully crafted, story-driven gameplay. Players from all over the world can create and joins teams and participate together in weekly Team Explorations to discover new lands and earn additional rewards.

March 30 – InnoGames' global hit Forge of Empires celebrates its 10th anniversary

InnoGames' global hit Forge of Empires celebrated a decade of play. Players have spent more than 300,000 years' worth of playtime in the game so far and have collectively built around 60 million

cities. InnoGames celebrated the anniversary by launching a new board game-themed Forge of Empires event targeting experienced players.

April 4 – InnoGames appoints a new CMO and previous CMO Christian Pern is promoted to CMO of MTG. Kongregate appoints three executive team members to support blockchain initiative

On April 4, Felix Janzen was appointed as InnoGames' new Chief Marketing Officer. He was promoted from his previous position as Marketing Director Media & Performance Channels. He will report directly to CEO and co-founder Hendrik Klindworth. After eight years with the company, InnoGames' previous CMO, Christian Pern, was promoted to CMO of MTG.

Kongregate appointed Max Murphy, Michelle Shaw, and Patrick Moran to new blockchain-related positions in the company. Max is stepping up to a position as Chief Technology Officer, having previously served as Senior VP of Engineering. Michelle has been appointed Chief Blockchain Operations Officer, coming from the position as Kongregate's Senior VP of Marketing. Patrick has been appointed Chief Product Officer and has most recently served as VP of Games at the studio.

April 13 – Kongregate launches Blood Vessels, an NFT-powered community gaming experience

Blood Vessels is the first game from Kongregate's new blockchain-focused development team Electric Visions, whose mission is to create groundbreaking games for web3. The game lets players take on the role of vampires that have risen from the ashes of the Great Chicago Fire of 1871. The launch was carried out in partnership with ImmutableX - Ethereum's leading Layer 2 (L2) fully carbon neutral scaling solution. The in-game vampire characters are represented by NFT tokens and early sign-ups for Blood Vessels will open in May 2022. Players will be able to purchase the NFT vampires through an NFT drop done in Q2.

April 21 – Successful closing of the transaction to divest ESL Gaming to Savvy Gaming Group

The Group successfully closed the transaction to divest ESL Gaming to Savvy Gaming Group. ESL Gaming is therefore no longer part of MTG and is reported as "Discontinued operations" in the MTG's financial results for Q1 2022. The operations will be deconsolidated from Q2.

The divestment is expected to generate net proceeds of USD 875 million (SEK 8,174 million) for the group and at least 40 percent of the money will be returned to MTG's shareholders through a combination of a share redemption and a share buyback program. The final structure of the two programs will be published in the notice to the AGM 2022.

The war in Ukraine

MTG is made up of a widely diverse, international community of people from all walks of life. The ongoing war in Ukraine represents a tragic and horrible chapter in European and global history and reaches beyond the victims of the conflict itself. MTG's companies have chosen various ways to engage with and support the people affected by the horrific unfolding events. InnoGames made a direct donation and both InnoGames and Hutch launched employee drives to collect and send supplies to people in Ukraine affected by the conflict. InnoGames temporarily disabled conflict in several of their games to support Ukrainian players. Kongregate also announced that they would donate the proceeds generated by their games in Russia to charities supporting people in Ukraine. The Group does not own or operate any Russian-based or registered businesses and has not taken any further actions at this stage.

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

Group performance

Net sales

The group's company portfolio comprises five gaming studios: InnoGames in Germany, Hutch in the UK, PlaySimple in India, Ninja Kiwi in New Zealand and Kongregate in the US. The studios focus on both browser and mobile games and primarily generate revenues through in-app purchases (IAP) and in-app advertising (IAA).

Consolidated net sales increased by 77 percent in the quarter to SEK 1,357 (767) million boosted by currency tailwinds of 6 percent. This growth was primarily driven by the acquisitions of PlaySimple and its Anagram franchise and Ninja Kiwi.

Underlying pro forma growth amounted to 10 percent in the quarter, mainly driven by PlaySimple's popular Anagram franchise, as well as strong IAA revenue growth in the quarter. Several of the group's well-established gaming IPs, including mainstay classic Forge of Empires, the global hit Bloons TD6 and community favourite F1 Clash continued their solid performance in Q1. Organic sales were down -9 percent year-on-year in the quarter. The decline reflected a mix of factors, including the rapid decline in the popularity of idle games, which currently make up a significant part of Kongregate's portfolio, as well as lower browser sales compared to Q1'21 which included further Covid-19 related effects and the delayed commercial launch of Rise of Cultures which was released within Q1'22.

(SEKm)	Q1 2022	Q1 2021	FY 2021
Net sales	1,357	767	3,931
Sales growth, %	77%	23%	47%
Changes in FX rates, %	6%	-9%	-4%
Sales growth at constant FX, %	71%	32%	51%
of which organic growth, %	-9%	9%	-9%
Pro forma growth	10%	-	12%

Adjusted EBITDA, EBITDA and EBIT

Consolidated adjusted EBITDA in the quarter amounted to SEK 342 (182) million, representing a margin of 25 (24) percent driven by higher sales and stronger margin contributions from Ninja Kiwi and Hutch, partly offset by increased marketing spend in PlaySimple and InnoGames' new games in soft and commercial launch phases.

EBITDA adjustments of SEK 103 (34) million in the quarter comprised long-term incentive programs (LTI) of SEK 71 (9) million, including a prior-year adjustment of SEK 27 million in studios. M&A transaction costs of SEK 26 (25) million and impairment of SEK 7 (-) million.

Consolidated EBITDA amounted to SEK 239 (148) million following strong operational performance by Ninja Kiwi and PlaySimple and Hutch.

Group central operations impacted adjusted EBITDA in the quarter by SEK 26 (22) million.

(SEKm)	Q1 2022	Q1 2021	FY 2021
EBIT	85	66	505
Amortization	145	74	442
Depreciation	9	7	32
EBITDA	239	148	978
Impairment own capitalized costs	7	-	-
Long-term incentive programs	71	9	49
M&A transaction costs	26	25	75
Adjusted EBITDA	342	182	1,102
<i>Of which Gaming</i>	<i>368</i>	<i>204</i>	<i>1,203</i>
<i>Of which Central Operations</i>	<i>-26</i>	<i>-22</i>	<i>-101</i>
<i>Adjusted EBITDA margin, %</i>	<i>25%</i>	<i>24%</i>	<i>28%</i>

Depreciation and amortization in the quarter amounted to SEK 153 (81) million and included amortization of purchase price allocations (PPA) of SEK 100 (51) million. Excluding PPA, depreciation and amortization amounted to SEK 53 (30) million. This was further impacted by Kongregate accelerating depreciation of several idle game titles during the quarter, as the low general interest for this game genre results in shorter lifetimes than initially expected.

Consolidated EBIT in the quarter was SEK 85 (66) million, corresponding to an EBIT margin of 6 (9) percent. Operating costs before depreciation and amortization increased by 81 percent to SEK 1,119 (620) million.

Key performance indicators

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
DAU, million ¹	7.0	6.5	6.2	4.3	3.5
MAU, million ¹	35.2	33.8	32.4	24.6	18.9
ARPDau, SEK ¹	2.1	2.1	1.9	2.7	2.5
Revenue generated by the top 3 games, %	44%	45%	46%	66%	68%
Revenue generated by platform, %					
Mobile ²	70%	68%	70%	60%	58%
Browser ²	21%	23%	24%	39%	42%
Other ²	9%	9%	7%	2%	0%
Revenue generated by territory, %					
Europe ²	34%	35%	40%	46%	54%
North America ²	59%	59%	53%	47%	41%
Asia Pacific ²	6%	4%	6%	6%	4%
Rest of World ²	1%	2%	1%	1%	1%

1) Q1 2021 MAU, DAU and ARPDau was corrected in Q3 2021

2) Q2 & Q3 2021 Revenue generated by platform and territory were corrected in Q4 2021

The diversification of MTG's portfolio continue to have a positive impact on the business in terms of balance and scope, which is demonstrated in the reported KPIs. Daily Active Users (DAU) increased by 101 percent driven by the addition of acquired companies. Monthly Active Users (MAU) increased by 86 percent year-on-year, again driven by acquired companies. On a sequential basis, DAU grew by 8 percent and MAU grew by 4 percent, primarily driven by continued success for PlaySimple's Anagram franchise and solid development of the recently launched title Rise of Cultures by InnoGames.

The Average Revenue per Daily Active User (ARPDau) decreased by 16 percent year on year in the quarter due to the inclusion of acquired companies which operate in games categories with

relatively lower ARPDAU compared to last year. On a sequential basis, ARPDAU was down slightly, driven by a relatively higher proportion of PlaySimple sales.

The top three titles did not change from the prior quarter. Net sales generated by the titles Forge of Empires, Word Trip and Word Jam decreased to 44 (68) percent as a result of a broader and more diversified games portfolio.

The mobile share continues to increase and accounted for 70 percent of total revenues. Ninja Kiwi's premium Steam sales are categorized as Other.

There was a marginal movement in the revenue split by territory, with a total of 93 percent of revenue generated in the North American and European markets, which are the target territories for the gaming entities.

Net financials and net income from continuing operations

Net financial items amounted to SEK -122 (-49) million, of which discounted interest of earnouts amounted to SEK -49 million and unrealized exchange differences to SEK -72 million (the majority of which pertained to the conversion of earnout liabilities and the debt to Play Simple's former owner in USD). Net financial items were also affected by a positive revaluation of VC funds by SEK 11 million. Net interest amounted to SEK -12 (-15) million. The Group's tax cost amounted to SEK -75 (-33) million, resulting in net income for the quarter of SEK -111 (-15) million.

Discontinued operations

MTG completed the divestment of ESL Gaming to Savvy Gaming Group on 21 April 2022. As a result, the group's esports vertical and operations have been reclassified as discontinued operations in this report. The divestment is expected to generate net proceeds of USD 875 million (SEK 8,174 million) for the group and at least 40 percent of the money will be distributed to MTG's shareholders through a combination of a share redemption and a share buyback program. The final structure of the two programs will be published in the notice to the AGM 2022. The rest of the proceeds will be used to strengthen MTG's position in the global gaming market and to continue to successfully execute on the group's M&A strategy.

Venture capital fund investments

MTG's VC fund has invested a total of SEK 309 million (USD 33 million) to date and has a portfolio of 23 companies. The Group's VC investments complement our majority stake investments in Kongregate, InnoGames, Hutch, Ninja Kiwi and PlaySimple. The assets in the group's VC portfolio are broadly distributed across narrative, competitive, social and MMO games, as well as game creation platforms in the US and Europe. The portfolio also contains a low number of esports-focused investments, made while MTG had part of its focus on esports. These VC investments will remain in MTG after the divestment of ESL Gaming.

Financial review

Following the divestment of ESL Gaming, the group's Esports vertical is reported as Discontinued operations in the quarter. Comparative numbers for balance sheet and cash flow items have not been restated in this report.

Cash flow from continuing operations

Cash flow from operations before taxes paid and changes in working capital amounted to SEK 273 (41) million in the quarter. Depreciation and amortization charges were SEK 153 (97) million.

Paid taxes amounted to SEK -67 (-61) million.

The Group reported a SEK -127 (21) million change in working capital. The negative effect in the quarter is mainly attributable to a timing effect on payments received in Q4 to PlaySimple and the subsequent payments of marketing expenses in Q1.

Net cash flow from operations amounted to SEK 79 (1) million.

Investing activities

Net investment in VC funds affecting cash flow amounted to SEK -5 (-19) 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 -63 (-53) million in the quarter.

Total cash flow relating to investing activities amounted to SEK -68 (-74) million.

Financing activities

Total cash flow relating to financing activities amounted to SEK 31 (649) million, of which SEK 100 million related to an increase in long term loan (RCF), a loan to discontinued operations (ESL Gaming) of SEK -62 million and SEK -7 million in leasing payments.

The net change in cash and cash equivalents in continuing operations amounted to SEK 42 (576) million.

The Group had cash and cash equivalents of SEK 894 (1,750) 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.

Net debt as of March 31, 2022, amounted to SEK 1,106 (-1,750) million. The net debt calculation includes external financing of SEK 2,000 (0) million less SEK 894 (1,750) million 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)	Q1 2022	Q1 2021	FY 2021
Net sales	12	4	15
Net interest and other financial items	-8	4	-10
Income before tax and appropriations	-49	-26	-117

Net interest and other financial items for the quarter amounted to SEK -8 (4) million. Net interest expenses amounted to SEK -9 (-3) million, unrealized and realized exchange differences amounted to SEK 2 (12) million and other financial items to SEK -1 (-5).

The parent company had cash and cash equivalents of SEK 157 (1,081) million at the end of the period.

The total number of shares outstanding at the end of the period was 110,385,832 (105,949,896) and excluded the 304,880 class B shares and the 6,324,343 class C shares held by MTG as treasury shares. No new shares were issued during the quarter.

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 2021 Annual and Corporate Responsibility 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; as well as cyber-attacks.

The Group's game development businesses depend on their ability to continue releasing successful titles that attract paying customers, conditions that are not under the Group's full control.

Risks and uncertainties are also described in more detail in the 2021 Annual and Corporate Responsibility Report, which is available at www.mtg.com.

Stockholm, April 27, 2022

Maria Redin

Group President & CEO, Modern Times Group MTG AB

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

Condensed consolidated income statement

(SEKm)	Q1 2022	Q1 2021	FY 2021
Continuing operations			
Net sales	1,357	767	3,931
Cost of goods and services	-631	-236	-1,567
Gross income	726	532	2,364
Selling expenses	-285	-267	-1,014
Administrative expenses	-359	-197	-845
Other operating income	4	2	11
Other operating expenses	-1	-3	-3
Share of earnings in associated companies	0	0	-1
EBIT	85	66	505
Net interest	-12	-15	-24
Other financial items	-110	-34	-533
Income before tax	-36	18	-43
Tax	-75	-33	-204
Net income for the period, continuing operations	-111	-15	-248
Discontinued operations			
Esport	-204	-109	-207
Net income for the period, discontinued operations	-204	-109	-207
Total net income for the period	-315	-124	-454
Net income for the period attributable to:			
Equity holders of the parent	-290	-124	-400
Non-controlling interest	-26	1	-54
Net income for the period	-315	-124	-454
Continuing operations			
Basic earnings per share, SEK	-0.77	-0.18	-1.94
Diluted earnings per share, SEK	-0.77	-0.18	-1.94
Total			
Basic earnings per share, SEK	-2.62	-1.44	-3.94
Diluted earnings per share, SEK	-2.62	-1.44	-3.93
Number of shares			
Shares outstanding at the end of the period	110,385,832	105,949,896	110,385,832
Basic average number of shares outstanding	110,385,832	86,826,622	103,786,751
Diluted average number of shares outstanding	110,585,685	86,869,643	103,942,052

Consolidated statement of comprehensive income

(SEKm)	Q1 2022	Q1 2021	FY 2021
Net income	-315	-124	-454
<i>Other comprehensive income</i>			
<i>Items that are or may be reclassified to profit or loss net of tax:</i>			
Currency translation differences	190	376	704
Total comprehensive income for the period	-125	252	250
Total comprehensive income attributable to			
Equity holders of the parent	-137	175	160
Non-controlling interest	11	77	90
Total comprehensive income for the period	-125	252	250

Condensed consolidated balance sheet

(SEKm)	Mar 31 2022	Mar 31 2021	Dec 31 2021
Non-current assets			
Goodwill	9,797	6,350	11,032
Other intangible assets	2,645	2,021	3,294
Total intangible assets	12,442	8,371	14,326
Total tangible assets	58	111	119
Right of use assets	83	123	123
Shares and participations in associated and other companies	384	326	502
Other financial receivables	130	229	311
Total non-current financial assets	514	554	814
Total non-current assets	13,096	9,159	15,381
Current assets			
Inventories	-	12	10
Other receivables	648	776	1,102
Cash, cash equivalents and short-term investments	894	1,750	943
Assets held for sale	3,201	-	-
Total current assets	4,743	2,538	2,054
Total assets	17,839	11,697	17,436
Equity			
Shareholders' equity	7,868	7,621	8,002
Non-controlling interest	1,932	1,453	1,921
Total equity	9,801	9,074	9,923
Non-current liabilities			
Liabilities to financial institutions ¹	1,000	-	900
Lease liabilities	52	83	83
Total non-current interest-bearing liabilities	1,052	83	983
Provisions	666	698	955
Contingent consideration	2,058	623	1,994
Total non-current non-interest-bearing liabilities	2,725	1,321	2,949
Total non-current liabilities	3,777	1,404	3,932
Current liabilities			
Contingent consideration	360	11	325
Liabilities to financial institutions	1,000	1	1,000
Lease liabilities	32	45	42
Other interest-bearing liabilities ²	764	-	743
Other non-interest-bearing liabilities	763	1,163	1,471
Liabilities related to assets held for sale	1,343	-	-
Total current liabilities	4,262	1,218	3,581
Total liabilities	8,039	2,623	7,513
Total shareholders' equity and liabilities	17,839	11,697	17,436

1) SEK 100 million increase attributable to the group's SEK 1,000 million revolving credit facility (RCF). SEK 900 million of the facility was utilized as at 31 Dec 2021 and SEK 100 million as at 31 March 2022

2) Liability for acquisition of the remaining 23% of PlaySimple SEK 764 million

Assets and liabilities related to discontinued operations are reported as a separate line under current assets (Assets held for sale) and current liabilities (Liabilities related to assets held for sale) in the condensed consolidated balance sheet above. Comparatives are not restated.

Condensed consolidated statement of cash flows

(SEKm)	Q1 2022	Q1 2021	FY 2021
Cash flow from operations	273	41	618
Taxes paid	-67	-61	-286
Changes in working capital	-127	21	-27
Net cash flow from operations	79	1	306
Acquisitions of subsidiaries, associates and other investments	-5	-19	-3,088
Investments in other non-current assets	-63	-53	-252
Other cash flow from/used in investing activities	0	-2	-32
Cash flow from in investing activities	-68	-74	-3,372
Net change in borrowings	100	-1,800	100
Repayment vendor note	-	-1,142	-1,142
New share issue	-	3,605	3,605
Capital injection from non-controlling interest	-	-	314
Loan to discontinued operations	-62	-	-
Other cash flow from/used in financing activities	-7	-14	-62
Cash flow from in financing activities	31	649	2,816
Net change in cash, continuing operations	42	576	-251
Net change in cash, discontinued operations	44	-	-
Total net change in cash and cash equivalents	85	576	-251
Cash and cash equivalents at the beginning of the period	943	1,153	1,153
Translation differences in cash and cash equivalents	10	21	41
Change in cash and cash equivalents in assets held for sale	-144	-	-
Cash and cash equivalents at end of the period	894	1,750	943

Condensed consolidated statement of changes in equity

(SEKm)	Mar 31 2022	Dec 31 2021
Opening balance	9,923	5,216
Net income for the period	-315	-454
Other comprehensive income for the period	190	704
Total comprehensive income for the period	-125	250
Effect of employee share programmes	3	8
New share issue	-	4,168
Repurchase of shares	-	-32
Capital injection from non-controlling interest	-	314
Closing balance	9,801	9,923

Comparatives are not restated in the consolidated statement of cash flows and the consolidated statement of changes in equity.

Parent company condensed income statement

(SEKm)	Q1 2022	Q1 2021	FY 2021
Net sales	12	4	15
Gross income	12	4	15
Administrative expenses	-54	-34	-121
Operating income	-42	-30	-106
Net interest and other financial items	-8	4	-10
Income before tax and appropriations	-49	-26	-117
Appropriations	-	-	22
Tax	-	-	-
Net income for the period	-49	-26	-94

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

Parent company condensed balance sheet

(SEKm)	Mar 31 2022	Mar 31 2021	Dec 31 2021
Non-current assets			
Capitalized expenditure	1	1	1
Machinery and equipment	1	1	1
Shares and participations	11,372	7,813	11,372
Total non-current assets	11,374	7,815	11,374
Current assets			
Current receivables	145	442	27
Cash, cash equivalents and short-term investments	157	1,081	167
Total current assets	302	1,524	194
Total assets	11,676	9,339	11,568
Shareholders' equity			
Restricted equity	585	532	585
Non-restricted equity	9,044	8,685	9,094
Total equity	9,630	9,217	9,679
Untaxed reserves	0	43	-
Non-current liabilities			
Liabilities to financial institutions	1,000	-	900
Total non-current liabilities	1,000	0	900
Current liabilities			
Other interest-bearing liabilities	1,000	-	915
Non-interest-bearing liabilities	46	79	74
Total current liabilities	1,046	79	989
Total shareholders' equity and liabilities	11,676	9,339	11,568

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)	Mar 31 2022				Dec 31 2021			
	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	363	-	-	363	481	135	-	346
Financial liabilities measured at fair value								
Contingent consideration	2,418	-	-	2,418	2,319	-	-	2,319

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.

(SEKm)	Mar 31 2022	Dec 31 2021
Opening balance 1 January	346	252
Reported gains and losses in net income for the period	10	77
Acquisition	5	34
Divestment	-	-1
Transfer to level 1	-	-36
Translation differences	8	20
Loan converted to shares	5	-
Discontinued operations	-10	-
Closing balance	363	346

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)	Mar 31 2022	Dec 31 2021
Opening balance 1 January	2,319	600
New acquisitions	-	1,400
Exercised payments	-	-271
Revaluation	-	322
Reclassification	-	7
Interest expense	49	130
Translation differences	60	131
Discontinued operations	-10	-
Closing balance	2,418	2,319

Discontinued operations

On January 24, 2022, MTG announced the sale of ESL Gaming to Savvy Gaming Group (“SGG”) in an all-cash transaction valuing ESL Gaming at an enterprise value of USD 1,050 million (equaling SEK 9,723 million). At the time, MTG owned 91.46 percent of ESL Gaming, which corresponded to USD 960 million of the total enterprise value and represented a total return on investment of 2.5x. SGG simultaneously acquired FACEIT and with the intention to merge the two companies and create the leading global platform for competitive gaming – ESL FACEIT Group.

The transaction closed on April 21, 2022 and the divestment is expected to generate net proceeds of USD 875 million (SEK 8,174 million) for the group. At least 40 percent of the money will be returned to MTG’s shareholders through a combination of a share redemption and a share buyback program. The final structure of the two programs will be published in the notice to the AGM 2022. The rest of the proceeds will be used to strengthen MTG’s position in the global gaming market and to continue to successfully execute on the group’s M&A strategy.

Balance sheet discontinued operations

(SEKm)	Q1 2022
Non-current assets	2,395
Current assets	806
Total assets	3,201
Equity	1,858
Non-current liabilities	409
Current liabilities	934
Total liabilities	3,201

Income Statement discontinued operations

(SEKm)	Q1 2022
Net sales	346
Cost of goods and services	-362
Gross income	-16
Selling expenses	-43
Administrative expenses	-117
Other operating income and expenses	6
EBIT	-170
Financial net	-35
Income before tax	-205
Tax	1
Net income for the year	-204

Cash Flows discontinued operations

(SEKm)	Q1 2022
Cash flows from:	
Operating activities	3
Investing activities	-17
Financing activities	58
Net cash flow for the period	44

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
- Pro forma 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)	Q1 2022	Q1 2021	FY 2021
EBIT	85	66	505
Amortization	145	74	442
Depreciation	9	7	32
EBITDA	239	148	978
Impairment own capitalized costs	7	-	-
Long-term incentive programs	71	9	49
M&A transaction costs	26	25	75
Adjusted EBITDA	342	182	1,102

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)	Q1 2022	Q1 2021	FY 2021
Group			
Organic growth	-9%	2%	-9%
Acquisition/divestments	80%	16%	65%
Changes in FX rates	6%	-9%	0%
Reported growth	77%	9%	56%

Pro forma growth

Since the Group from time to time makes transactions in the market, it is relevant to describe the current trend more accurately. Pro forma growth as a measure refers to an underlying development, excluding currency effects, 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 advice from external expertise in order to restate a GAAP financial statement to IFRS and may include timing adjustments for both income and costs.

(SEKm)	Group
Reported Sales Q1 2021	767
Adjustment for acquisitions	391
Pro forma Reported Sales	1,158
 Reported Sales Q1 2022	 1,357
Adjustment for acquisitions	-
Pro forma Sales Q1 2022	1,357
 Foreign currency fluctuation	 -85
Pro forma Sales Q1 2022	1,272
Pro forma growth	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.

ARPAU

Average net revenue per daily active user.

CAPEX

Capital expenditures.

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.

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.

MAU

Monthly active users.

Organic growth

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

Pro forma growth

The change in net sales compared with the same period last year as if the company had 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 2022 Annual General Meeting

The 2022 Annual General Meeting will be held on 8 June 2022 in Stockholm, Sweden.

To ensure that the 2022 Annual General Meeting is held in a manner that limits the risk of spreading Covid-19, the Board has decided that the Annual General Meeting should be conducted only through postal voting in accordance with temporary legislation. It will not be possible for shareholders to attend the 2022 Annual General Meeting in person or by way of a proxy holder.

All information relating to the 2022 Annual General Meeting, including the notice, the Nomination Committee's proposals and related materials will be published at www.mtg.com.

Financial calendar

Item	Date
Annual General Meeting 2022	June 8, 2022
Q2 2022 Interim Financial Results Report	July 20, 2022
Q3 2022 Interim Financial Results Report	October 26, 2022

Questions?

Lars Torstensson, EVP Communications & IR

Direct: +46 (0) 70 273 48 79, lars.torstensson@mtg.com

Anton Gourman, VP Communications

Direct: +46 73 661 8488, anton.gourman@mtg.com

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

Conference call

The company will host a conference call later today, Wednesday 27 April, at 15:00 p.m. CET. 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 928338
Access pin code	248 319 2

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/kj7esqzh>



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

MTG (Modern Times Group MTG AB (publ.)) (www.mtg.com) is an international mobile gaming group that owns and operates gaming studios with popular global IPs across a wide range of casual and mid-core genres. The group is focused on accelerating portfolio company growth and supporting founders and entrepreneurs. MTG is an active driver of gaming industry consolidation and a strategic acquirer of gaming companies around the world. We are born in Sweden but have an international culture and global footprint. Our shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB').

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 2.00 p.m. CET on April 27, 2022.

This interim report contains statements concerning, among other things, MTG's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent MTG's future expectations. MTG believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include but may not be limited to MTG's market position; growth in the gaming industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of MTG, its group companies and the gaming industry in general. Forward-looking statements apply only as of the date they were made, and, other than as required by applicable law, MTG undertakes no obligation to update any of them in the light of new information or future events.