



# MTG publishes Q2 April-June 2020 Financial Results

**STOCKHOLM, July 23<sup>rd</sup> 2020 — Modern Times Group MTG AB (publ) (“MTG”) today publishes its Q2 2020 financial results report. MTG’s gaming vertical demonstrated its best quarterly result ever, and the esports vertical reports a relatively strong quarter despite the pandemic impact compared to the financial guidance from 1H 2020.**

“InnoGames demonstrated strong performance in the second quarter and continued to invest heavily into marketing to support future growth. The positive development was driven in part by effects of the ongoing coronavirus pandemic, which has led to increased gaming. This resulted in higher Daily Active Users (DAU) and Average Revenue Per Daily Active User (ARPDau), which grew by 10 percent and 17 percent, respectively, compared with the corresponding period last year,” President and CEO Jørgen Madsen Lindemann states in the report.

“The esports vertical performed better than anticipated compared with the financial guidance for the first half of 2020. This was driven by new agreements with media partners such as Twitch, higher esports services (ESS) revenue and stronger performance by our business to consumer (B2C) product. Equally important factors included good cost control and a more favorable revenue mix with a larger high margin media component during the quarter,” he continues.

MTG’s Q2 2020 financial report highlights follow below. For the full report please see the attached file or [www.mtg.com](http://www.mtg.com).

## Record quarter for the gaming vertical

- The gaming vertical delivered its best quarter ever in respect to both revenue and profits, while investing heavily into marketing to support future growth. The positive performance was driven by growing Daily Active Users (DAU) and Average Revenue Per Daily Active User (ARPDau) in the wake of the ongoing pandemic.
- Despite being impacted by the ongoing coronavirus pandemic, the esports vertical performed relatively strongly compared to the financial guidance provided for H1 2020. This was driven by higher esports services (ESS) revenue, good cost control and a more favorable revenue mix with a larger media component during the quarter.

## Q2 2020 financial highlights

- Net sales level with last year at SEK 1,096 (1,095) million
- Adjusted EBITDA of SEK 167 (88) million, with adjustments for Long-term incentive (LTI) programs of SEK 60 (23) million and M&A transaction costs of SEK 3 (4) million
- EBITDA of SEK 104 (61) million
- Operating income (EBIT) of SEK 31 (-10) million
- Net income from continuing operations of SEK -19 (-38) million
- Basic earnings per share of SEK -1.00 (-1.19)
- Net cash flow from operations of SEK 121 (-69) million

## Financial overview

(SEKm)	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
<b>Continuing operations</b>					
Net sales	1,096	1,095	2,020	2,035	4,242
<i>of which esport</i>	353	444	652	780	1,712
<i>of which gaming</i>	743	648	1,368	1,252	2,531
<i>of which central operations and eliminations</i>	0	3	0	3	0
Costs before depreciation and amortization	-992	-1,034	-1,985	-2,016	-4,352
Adjusted EBITDA <sup>1)</sup>	167	88	146	125	239
<i>Adjusted EBITDA margin</i>	15%	8%	7%	6%	6%
<i>Adjustments</i>	-63	-27	-111	-106	-349
EBITDA	104	61	35	19	-109
Amortization	-49	-45	-100	-89	-202
Depreciation	-23	-25	-45	-49	-96
<i>of which PPA</i>	-30	-30	-61	-60	-120
EBIT	31	-10	-110	-120	-407
<i>EBIT margin</i>	3%	-1%	-5%	-6%	-10%
Net income	-19	-38	-151	-171	-458
Basic earnings per share (SEK)	-1.00	-1.19	-3.37	-3.64	-8.19
<b>Discontinued operations <sup>2)</sup></b>					
Net income	-1	1,458	0	15,055	14,852
<b>Total operations</b>					
Net income	-19	1,420	-151	14,884	14,394
Basic earnings per share (SEK)	-1.01	20.42	-3.38	219.89	212.44
Net cash flow from operations	121	-69	82	-171	-188
CAPEX	44	67	86	105	239
<b>Net sales growth y-o-y</b>					
<i>Organic growth</i>	0%	10%	-3%	6%	7%
<i>Acquisitions/divestments</i>	-	-1%	-	-1%	-1%
<i>Changes in FX rates</i>	0%	4%	2%	5%	4%
<i>Change in reported net sales</i>	0%	13%	-1%	10%	10%

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

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

## Financial calendar

Financial report Q3	November 4th 2020
Capital Markets Day	October 9th 2020

## Conference call

MTG AB will hold a conference call at 3.00pm CEST which will be hosted by President & CEO Jørgen Madsen Lindemann and CFO Maria Redin.

Dial in details:

Standard International: +44 2071 92 8338

Sweden +46 856 618 467

UK: +44 800 279 6619

US: +1 646 741 3167

The access pin code for the call is 397 44 38

To listen to a streamed webcast - listen only - of the conference call visit:

<https://edge.media-server.com/mmc/p/yo98v62>

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**About MTG**

*MTG (Modern Times Group MTG AB (publ.)) ([www.mtg.com](http://www.mtg.com)) is a strategic and operational investment holding company in esports and gaming entertainment. Born in Sweden, the shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB').*