



# Q4 2019 Financial Results



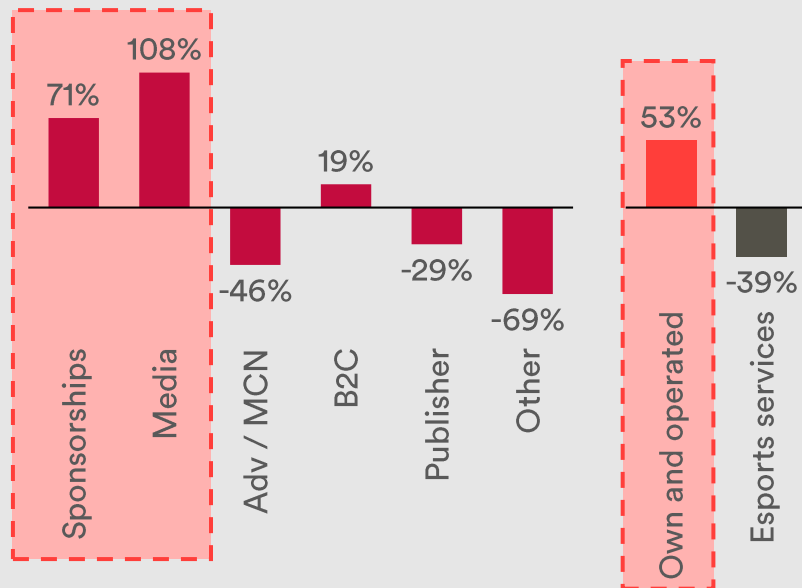
# Summary for Q4 2019

- MTG continues to deliver on its strategic direction, with seasonally solid development in the quarter:
  - Net sales growth of 15 % to SEK 1,163 (1,009) million
  - Adjusted EBITDA of SEK 84 (43) million
- Esports sales up 15 %, with O&O growing by 21 %, including one more Master property compared with Q4 2018 and newly launched sport games products
- Strong sales growth for the gaming vertical, supported by a continued operational recovery in Kongregate and solid development for InnoGame's Forge of Empires. ARPDAU increased by 14 %
- MTG VC fund invested SEK 14 million in two growth companies

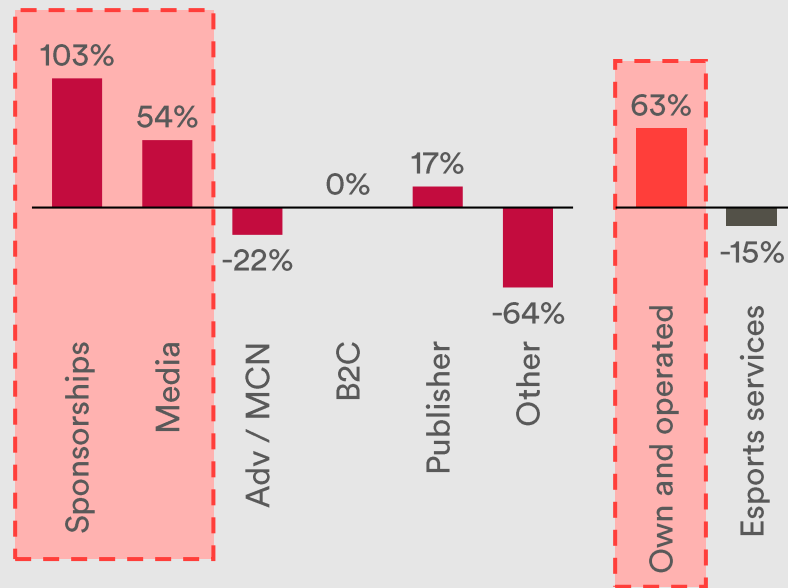


# Esports transformation journey on track

**Esport sales Q4 2019 vs Q4 2017**  
(Revenue development, %)



**Esport sales FY 2019 vs FY 2017**  
(Revenue development, %)



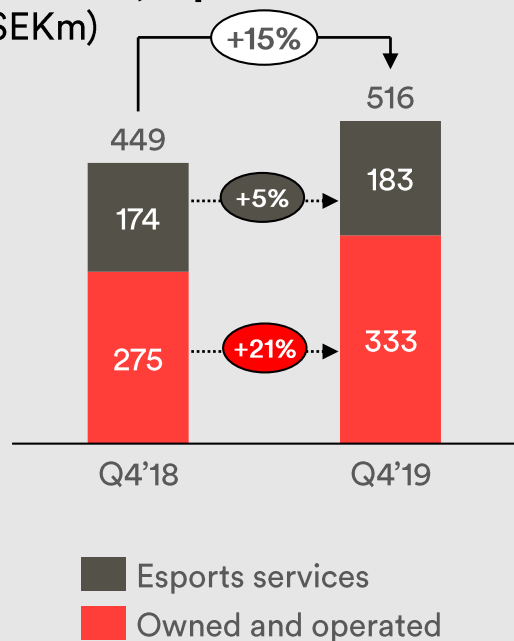
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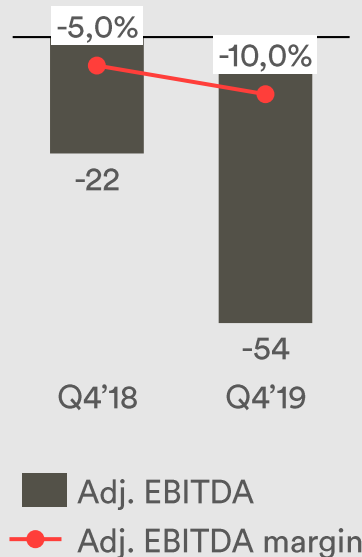


# Continued growth in esports

**Net sales, reported**  
(SEKm)



**Adjusted EBITDA**  
(SEKm, %)



**O&O properties activated**

	Q4'18	Q4'19
Masters	3	4
Challengers	31	28
Open	4	3





# Esports commercial highlights and announcements presented in the quarter



**DreamHack** entered a contract with the **Dutch football League Eredivisie** on cooperation around the **Dutch EA SPORTS FIFA 20 League, eDivisie** with a considerable **prize pool of EUR 100,000**



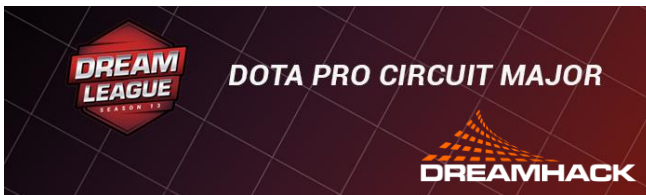
**ESL and DreamHack** enters three-year agreement with **Blizzard Entertainment** including; More than **US \$4.6 million in total prize money** will be offered in new **ESL Pro Tour** formats for **StarCraft II** and **Warcraft III: Reforged™**



**DreamHack**, in partnership with the **European Tour** and global entertainment company and game developers **Topgolf Entertainment Group**, has launched golf's first esports series — the **European eTour** with a **prize pool of USD 100,000**



**ESL** to bring **ESL One** powered by **Intel®** to **Rio De Janeiro, Brazil**, as part of the new **ESL Pro Tour**. The tournament has been **officially designated as a Major Championship by Valve Corporation**, making it the **first-ever CS:GO Major held in Brazil**



**DreamHack** announced **DreamLeague Season 13** as a **Dota Pro Circuit (DPC) Major** to be held in **Leipzig, Germany** during **January 2020**. **This will be the third time that DreamLeague has been chosen to host a DPC Major**, featuring a **\$1,000,000 prize pool** and **16 of the best Dota 2 teams in the world**



**ESL One** to debut **Dota 2 major in Los Angeles in 2020** as the first **Dota 2 Major** in the **United States** since **2016**. Teams compete over their share of an **USD \$1,000,000 prize pool**

# Deep dive: IEM Beijing 2019 – ESL's first standalone event in China was a great success

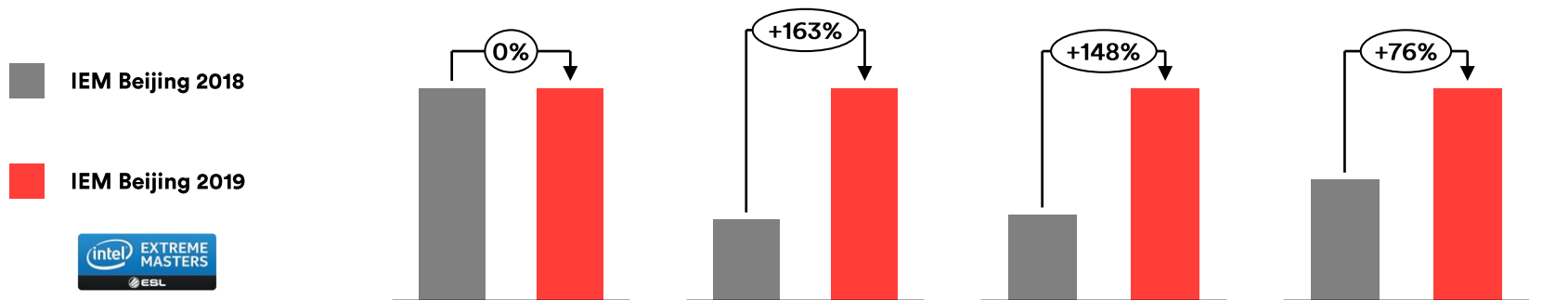


**IEM Beijing 2018 – Part of another event**  
*IEM Chengdu in 2009 was the first ESL hosted tournament in China. Over these last 10 years we've leveraged preexisting events to run IEM (i.e. trade shows & exhibitions)*

**IEM Beijing 2019 – First standalone event**  
*ESL moved to standalone event this year and the transition was a great success as the interest of the Chinese fanbase exceeded our expectations*



## 2018 vs 2019 comparison



Sources: Esports charts,



\*Excluding China, digital platforms only

# MTG announced strategic review of its gaming vertical in the quarter

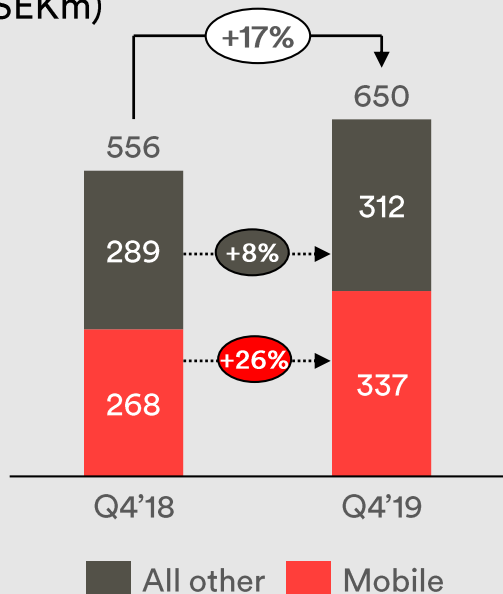
- In Q4 2019, we announced a strategic review of our gaming vertical including the VC Fund's gaming investments
- The purpose is to evaluate the best ways to create and crystalize value for shareholders
- The review could result in a joint venture partnership for our gaming vertical to enhance its competitive position, and to access capital and new geographies
- It could also result in MTG becoming a global pure play esports company, dedicating more resources to capitalize on the global rise of esports from our already leading market position through our ownership of ESL and DreamHack
- The review is ongoing and an update will be made to the market when the process is concluded





# Mobile continues to drive gaming revenue growth

Net sales, reported  
(SEKm)



InnoGames



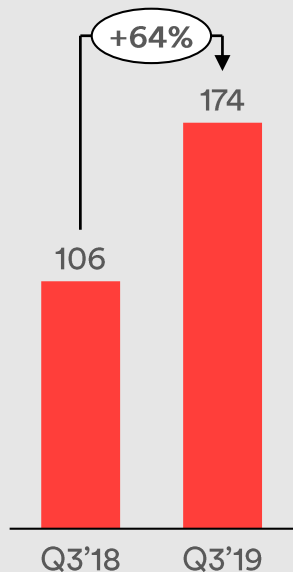
- InnoGames achieved good growth in Q4 2019, ending the year with strong development of its existing games portfolio, especially Forge of Empires
- InnoGames' portfolio of classic games continues to record solid performances
- Warlord had a good December following successful holiday campaign



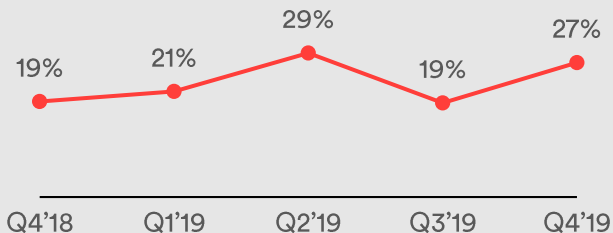
- Kongregate posted double digit improvements in net sales and adjusted EBITDA compared with last year
- This was mainly attributed to Kongregate's newer title, Idle Frontier, which continue to demonstrate positive results and Bit Heroes reporting robust developments and growing both net sales and game profit

# Gaming vertical saw improved Adj. EBITDA and decrease in MAU and DAU driven by removal of two third party games in Kongregate

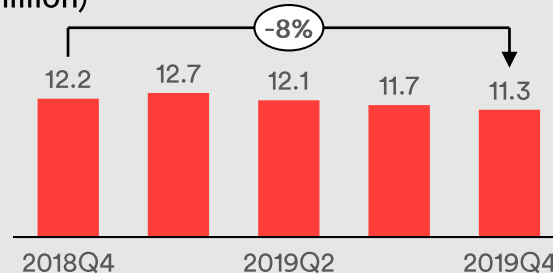
**Adjusted EBITDA**  
(SEKm)



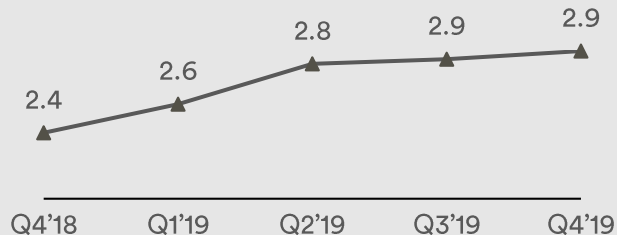
**Adjusted EBITDA margin**  
(%)



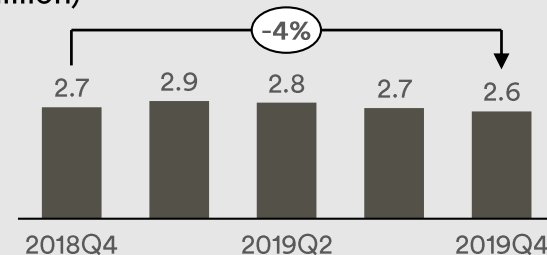
**Monthly active users (MAU)\***  
(million)



**ARPDau**  
(SEK)



**Daily active users (DAU)\***  
(million)




\*Lower MAU and DAU due to AdCap and AdCom being phased out


# Strong pipeline of mobile-first games in 2020




#1	#2	#3	#4	#1	#2	#3	#4	TMNT
<ul style="list-style-type: none"> <li>Simulation game in Resource Management sub-genre</li> <li>Mobile game optimized for Smartphones</li> <li>Target a similar, broad audience as Klondike</li> </ul>	<ul style="list-style-type: none"> <li>Successor of FoE as #1 mobile City-Builder game</li> <li>Well-known player audience and strong in-house knowledge</li> <li>Improved multiplayer aspects</li> </ul>	<ul style="list-style-type: none"> <li>Resource Management game</li> <li>Aimed at the Hay Day and Township audience offering a more immersive gameplay</li> <li>Bringing innovation to that sub-genre</li> </ul>	<ul style="list-style-type: none"> <li>New game being developed based on a new 12-month cycle</li> <li>Low cost compared to traditional InnoGames development projects</li> </ul>	<ul style="list-style-type: none"> <li>Idle title</li> </ul>	<ul style="list-style-type: none"> <li>Idle title</li> </ul>	<ul style="list-style-type: none"> <li>Idle title</li> </ul>	<ul style="list-style-type: none"> <li>Idle title</li> </ul>	<ul style="list-style-type: none"> <li>Cross-platform strategy game from Synapse, developers of Animation Throwdown</li> <li>3D Lair Best-in-class graphics</li> <li>Unique Heroes Strong monetization</li> </ul> 

**Diversified themes will set each title apart & reduce market risk**

 Innogames pipeline diversified across simulation and city-builder genres

 Kongregate Idle games pipeline leveraging Idle game engine

 New game announced by Kongregate

# Q4 income statement

(SEKm)	Q4 2019	Q4 2018	Q4 2019 Comments
<b>Adjusted EBITDA</b>	<b>84</b>	<b>43</b>	<ul style="list-style-type: none"> <li>• Margin development driven by the gaming vertical which reported lower marketing expenses and higher sales</li> <li>• Margin declined mainly as a result of investment into ESL properties &amp; and newly launched DreamHack Sports Games properties</li> </ul>
<i>Adjusted EBITDA margin</i>	<i>7%</i>	<i>4%</i>	
Adjustments	-207	-3	<ul style="list-style-type: none"> <li>• LTI: SEK 11 (4) million for total group</li> <li>• M&amp;A: SEK 5 (12) million related to project costs</li> </ul>
EBITDA	-123	40	
D&A	-83	-58	<ul style="list-style-type: none"> <li>• Includes SEK -11 million impact from IFRS 16</li> <li>• Increase in D&amp;A also reflecting higher amortization in Gaming of intangible assets and own work capitalized</li> </ul>
<i>Of which PPA</i>	<i>-30</i>	<i>-29</i>	
EBIT	-206	-18	
<i>EBIT margin</i>	<i>-18%</i>	<i>-2%</i>	
<b>Net Income – Continuing Ops</b>	<b>-207</b>	<b>-66</b>	<ul style="list-style-type: none"> <li>• Financial net SEK -23 (39) million mainly driven by exchange rate changes</li> <li>• Group tax SEK 22 (-87) million</li> </ul>
Basic EPS (SEK)	-3.08	-1.25	
<i>Discontinued Operations</i>	<i>-160</i>	<i>544</i>	

## Capex, cashflow and cash balance

SEKm	Q4'19	Q4'18
Capex	66	44
<i>of which Gaming</i>	62	36

VC Fund investments of SEK 14 million, two new and one follow-on. Fund now SEK 221.5 million invested in 19 companies

Net cash flow from operations	-70
<i>of which changes working capital</i>	-36

SEKm	Q4'19
Net cash at end Q3	1,824



# Three strategic growth levers for 2020

## #1

**4 games in development  
from Inno + 5 new games  
releases from Kong planned**

 **InnoGames**



## #2

**Commercial  
professionalization through  
partnership with Nielsen**



**nielsen**  
.....

## #3

**Strengthened publisher  
relationships integrated into  
the ESL Pro Tours**



**ESL PRO TOUR**



# Summary

- Solid operational development in Q4 2019 with net sales up 15 %
- Esports sales up 15 %, with O&O growing by 21 %, driven by strong sponsorship development
- Strong sales growth for the gaming vertical of 17 %, supported by a continued operational recovery in Kongregate and solid development for InnoGame's Forge of Empires
- The strategic review, launched in October, is ongoing

