Q2 2019

MTG

Interim report
April - June

Record high sales and adjusted EBITDA for Q2 2019

- MTG continued to deliver on its strategic direction, with sales growth in its two verticals of 14 percent
- Esports Owned & Operated (O&O) sales up 15 percent
- Gaming sales up by 19 percent, delivering a record high adjusted EBITDA margin of 29 percent
- MTG VC fund invested SEK 22 million in three growth companies

Q2 2019 financial highlights

- Net sales growth of 11 percent to SEK 1,117 (1,004) million, of which 7 percent organic growth
- EBITDA of SEK 39 (-67) million, of which SEK 13 million due to the impact of IFRS 16
- Adjusted EBITDA of SEK 71 (-26) million, including adjustments for IAC of SEK 4 (23) million, for LTI of SEK 23 (11) million and M&A transaction costs of SEK 4 (6) million(1)
- Operating income (EBIT) of SEK -35 (-125) million
- Net income from Continuing Operations of SEK -71 (-136) million and basic earnings per share of SEK -1.68 (-2.35)
- Total net income of SEK 1,419 (348) million including a capital gain of SEK 1,490 (-) million mainly related to the divestment of Nova
- Net cash in Continuing Operations of SEK 2,085 (1,026) million

Financial overview

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Continuing operations					
Net sales	1,117	1,004	2,085	1,935	4,024
of which esports	*444*	*411*	*780*	*702*	*1,520*
of which gaming	*648*	*544*	*1,252*	*1,122*	*2,296*
of which other	*23*	*37*	*50*	*91*	*183*
of which central operations and eliminations	*3*	*11*	*3*	*20*	*25*
Costs before depreciation and amortization	-1,078	-1,071	-2,100	-2,028	-4,012
Adjusted EBITDA 1)	71	-26	95	-18	45
Adjusted EBITDA margin	*6.3%*	*-2.6%*	*4.6%*	*-0.9%*	*1.1%*
Adjustments	*-31*	*-41*	*-110*	*-75*	*-33*
EBITDA	39	-67	-15	-93	12
Amortization	-47	-44	-93	-84	-170
Depreciation	-27	-15	-53	-27	-57
of which PPA	*-32*	*-30*	*-63*	*-59*	*-120*
EBIT	-35	-125	-161	-204	-216
EBIT margin	*-3.1%*	*-12.5%*	*-7.7%*	*-10.5%*	*-5.4%*
Net income	-71	-136	-221	-232	-430
Basic earnings per share (SEK)	-1.68	-2.35	-4.38	-4.27	-8.01
Cash flow from operations	-40	458	-56	778	1,622
CAPEX	67	46	105	116	194
Discontinued operations 2)					
Net income	1,490	484	15,105	722	1,590
Total operations					
Net income	1,419	348	14,884	490	1,160
Basic earnings per share (SEK)	20.41	4.84	220.31	6.47	15.62
Net sales growth y-o-y					
Organic growth	*6.9%*	*24.4%*	*2.8%*	*25.4%*	*4.8%*
Acquisitions/divestments	*-*	*43.8%*	*-*	*96.2%*	*29.9%*
Changes in FX rates	*4.4%*	*6.4%*	*5.0%*	*5.9%*	*6.4%*
Change in reported net sales	*11.3%*	*74.6%*	*7.7%*	*127.5%*	*41.2%*

1) See page 23 for details of adjustments to EBITDA. Alternative performance measures used in this report are explained on page 26
2) Consists of results for Nordic Entertainment Group and Nova in Q2 2019, and for Nordic Entertainment Group and businesses in Tanzania for 2018

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President & CEO's comments

At MTG, we believe that esports and gaming are the future of entertainment. That is why we partner with and invest in the best entrepreneurs, most promising publishers and leading brands in these industries. And there is a good reason for this; the number of gamers worldwide is expected to grow to 2.9 billion in 2022, up from 2.4 billion in 2018[1] – and the global esports audience is expected to grow to 645 million by 2022, up from 395 million in 2018[2]. Games – whether played in the home, by the commuter on the go or in an esport arena by a professional esporter – represent a major commercial opportunity.

Closer integration of portfolio companies – and interesting bets through VC

MTG's second quarter of 2019 showed good progress in the strategic agenda across our verticals; We delivered record sales for the quarter and improved our profitability year over year. In the gaming vertical ARPDAU grew by 27 percent compared to the same period last year, showing that we are delivering when it comes to publishing and creating engaging mobile games. New records in both sponsorship revenue and ticket sales show that our esport vertical is taking the natural role of sports evolved worldwide.

We have focused on creating a platform for future growth, both in esports and gaming, and we have brought ESL and Dreamhack closer together to build the leading esport ecosystem and the best products. We have also put a new operational structure in place for Kongregate which allows them to focus on fewer but more successful first party game titles and third party publishing.

The MTG VC fund has completed several exciting seed and series A investments into gaming and esports start-ups with high risks but also the potential for high rewards. Over time, these will either remain financial investments or be a great entry into companies that might become members of our growing esport and mobile gaming network.

Continued growth in esports

In the second quarter our strategic decision to focus on our own and operated ("O&O") properties and being more demanding with respect to esport services ("ESS") continued to yield positive results and the business vertical grew by 8 percent. Despite a sequential decline in growth rate - mainly due to slower monetization of media rights and seasonally smaller Master properties by ESL - several positive indicators for the longer-term business case for esports were reached:

First, the trend of improving operational metrics for our Master properties continued. ESL One Birmingham and DreamHack Dallas were good examples of this with more fans visiting and higher viewership compared to the same events last year.

Second, as a result of the growing fan base, more sponsors got involved in both our Masters and Challenger properties. In the quarter, sponsor revenue was a key driver compared to the same period last year

Third, Dreamhack's newly launched e-FIFA leagues in Denmark and Sweden delivered strong incremental revenue and show promise for the prospect of a broader launch of e-leagues in traditional sports.

But as stated there is more to do to make this emerging sport become a more commercially attractive product. The lack of qualitative data concerning our properties is still hampering our efforts to sell and price media rights and compete effectively with traditional sports – this will be a key challenge to tackle going forward. Also, we want to further integrate our esport companies to drive scale and be more competitive on the cost side.

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[1] NowZoo

[2] AT Kearney

Gaming delivered revenue growth and better margins

InnoGames delivered another exceptionally strong performance in the quarter as Forge of Empires maintained its momentum, primarily driven by successful in-game events in Q2 2019. The new game, God Kings, started to show early and promising results, and we will increase our marketing efforts for it in the second half of 2019. Forge of Empires continued to impress, and in June we saw the title breach the EUR 500 million lifetime revenue milestone. This is a testament to InnoGames' best-in-class ability to keep a successful title relevant and its player community thriving year after year. At Kongregate, the turnaround started to yield improvements in revenue and adjusted EBITDA, both of these reflecting Kongregate's focus on a smaller number of more successful games such as the newly acquired Bit Heroes.

Jørgen Madsen Lindemann
President & CEO

"Games – whether played in the home, by the commuter on the go or in an esport arena by a professional esporter – represent a major commercial opportunity"

Ambition for full-year 2019

The Group's ambition for the full-year 2019 has been revised to better reflect a slower development and monetization of media rights in esports. As a result, the new ambition is to deliver organic sales growth of 8-12 percent (earlier: group organic sales growth in the mid-teens percentage) and an adjusted EBITDA margin in mid-single digits, after group central costs and excluding the impact of IFRS 16 (earlier: group adjusted EBITDA margin in mid-single digits after group central costs, and excluding the impact of IFRS 16) for its two business verticals, esport and gaming. The performance will be driven by better commercialization of O&O esports properties, the continuing strong performance of InnoGames, and the operational turnarounds being implemented in Kongregate.

Significant events in and after the quarter

InnoGames mobile game hit Forge of Empires reached EUR 500 million lifetime revenue milestone

InnoGames most successful title Forge of Empires has reached the EUR 500 million lifetime revenue mark. The highly successful title has experienced steady growth since its creation in 2012 and continues to gather momentum after more than seven years on the market. More than half of the lifetime revenue has been earned in the last two years.

Nova Broadcasting Group sold

On April 10, MTG completed the sale of its 95 percent shareholding in Nova Broadcasting Group ("Nova") in Bulgaria to Advance Media Group. The all-cash transaction valued 100 percent of Nova at an enterprise value of EUR 185 million (approximately SEK 1,932 million). MTG will use the proceeds to further develop its global digital entertainment verticals through organic investments and acquisitions. Following the completion of the sale of Nova, the Group's SEK 1 billion credit facility from Nordea was canceled.

DreamHack hosted record-breaking US event

In May, DreamHack premiered its biggest US investment to date, opening the doors to DreamHack Dallas and CORSAIR DreamHack Masters Dallas at Kay Bailey Hutchison Convention Center in Dallas, Texas, USA. Not only was this the first time that DreamHack held an event in Texas, but it was also the first time ever that a DreamHack festival and a CORSAIR DreamHack Masters were held simultaneously, in the same arena. More than 30,000 visitors came to the event, which featured everything from a classic BYOC (Bring Your Own Computer) to a world-class Counter-Strike: Global Offensive tournament.

MTG announced USD 11 million in investments in gaming & esport startups in 1H 2019

Investments in 1H 2019 amounted to a total of USD 11 million including capital commitments and spanned start-up game developers across several genres such as Dorian that develops games in the narrative genre for a female gaming audience, Austin based game developer Tonk Tonk Games, gamer rewards platform Playfull from Los Angeles, German game studio Sviper founded by Ex-InnoGamers and San Diego-based GoMeta. MTG's VC fund has to date made 20 investments in 16 companies totaling USD 21 million since the start in November 2017.

Kongregate acquired hit mobile and web game Bit Heroes

In July, Kongregate announced the acquisition of Bit Heroes, a successful indie mobile and web role playing game (RPG) from US-based developer Juppiomenz. The retro RPG Bit Heroes first launched on Kongregate's game platform Kongregate.com in September 2016. It became an immediate favorite among users with over 14 million game plays to date and a stellar 4.5 user rating on Kongregate's web gaming platform.

Management changes

Emily Greer, Kongregate CEO and co-founder, stepped down in May to pursue a new gaming venture, with the potential backing of MTG through the MTG VC Fund.

Thomas Schmidt joined ESL as Chief Commercial Officer. Before joining ESL as a Non-Executive Board Member in October 2018, Thomas was responsible for the global media rights business of the UEFA Champions League and the UEFA Europa League. In his new role as Chief Commercial Officer, he will be responsible for developing ESL's global sales and expanding all existing and new brand partners and media distribution revenue streams.

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

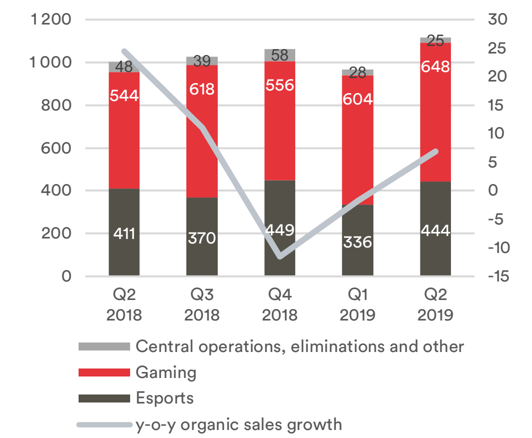
Group performance

Net sales – continuing operations

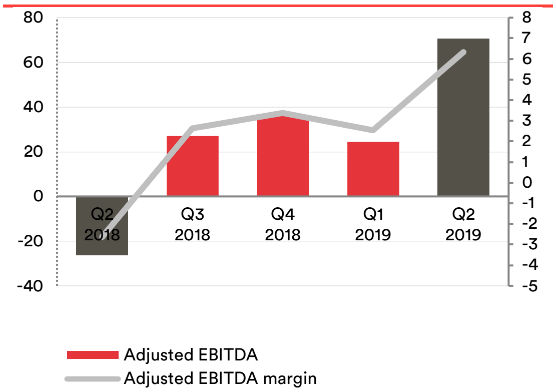
Net sales in the second quarter on a reported basis rose 11 percent year-on-year to SEK 1,117 (1,004) million. On an organic basis, sales were up 7 percent, with exchange rates changes contributing 4 percent, reflecting SEK weakness against both the USD and EUR compared to the second quarter of 2018. There were no acquisitions or divestments in the quarter that affected net sales.

Esport net sales grew by 8 percent in Q2 2019, of which organic growth represented 4 percent. This was complimented by 19 percent growth in net sales for gaming, of which organic growth represented 14 percent. The net sales development was slightly hampered by a 40 percent fall in sales at Zoomin.

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



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



Operating expenditure – continuing operations

Operating costs before depreciation and amortization increased by 1 percent to SEK 1,078 (1,071) million. This included SEK 4 (23) million in Items Affecting Comparability (IAC), SEK 23 (11) million in costs related to Long-Term Incentive (LTI) programs and SEK 4 (6) million in M&A transaction costs.

Adjusted EBITDA – continuing operations

The Group's adjusted EBITDA in the quarter amounted to SEK 71 (-26) million. This included SEK 13 million due to the application of IFRS 16 compared to the same period last year. Excluding the impact of IFRS 16, adjusted EBITDA was SEK 58 (-26) million.

Group central operations impacted the quarter by SEK 43 (76) million affected positively by lower costs following the split of NENT and MTG.

The adjusted EBITDA margin in the quarter was 6 (-3) percent, and 5 percent excluding the impact of IFRS 16. The improved margin was partly driven by lower marketing expenses in the gaming vertical and higher sales among the well-established games at InnoGames. In the 2H 2019, marketing expenses are expected to increase to support established and newer titles, such as God Kings.

Adjusted EBITDA reflects the underlying performance of the business and excludes the IAC of SEK 4 million in the quarter and the SEK 23 million in costs related to LTI programs as well as SEK 4 million in M&A transaction costs. There were no impairments of previously capitalized costs in the quarter, which would also be excluded from adjusted EBITDA.

The EBITDA before adjustments was SEK 39 (-67) million.

EBIT – continuing operations

Depreciation and amortization in the first quarter amounted to SEK -74 (-59) million and included depreciation on purchase price allocations (PPA) of SEK -32 (-30) million. Excluding PPA, depreciation and amortization increased by SEK 13 million to SEK -42 (-29) million, reflecting the implementation of IFRS 16.

Group EBIT in the quarter was SEK -35 (-125) million with the decrease year-on-year mainly reflecting operational improvements in the gaming vertical. The EBIT margin was -3 (-13) percent in the quarter.

Net financials and net income from continuing operations

Net financial items were SEK -10 (-1) million, predominantly due to exchange rate changes. The Group tax cost was SEK -26 (-9) million. The net loss for the period from continuing operations thus amounted to SEK -71 (-136) million.

Discontinued operations

NENT Group

The split of the NENT Group from MTG took effect in the first quarter, with the listing of NENT shares on Nasdaq Stockholm on March 28, and NENT is therefore reported as a discontinued operation.

During the period preceding the split, NENT Group generated revenue of SEK 3,727 million and net income of SEK 167 million. On the distribution of the NENT shares, MTG recognized a capital gain of SEK 13,480 million, representing the difference between the fair value and the carrying value of NENT´s net assets at the time of distribution.

Nova Broadcasting Group

MTG completed the sale of its 95 percent shareholding in Nova Broadcasting Group in Bulgaria to Advance Media Group on April 10, 2019. MTG recognized a capital gain of SEK 1,431 million. Nova had been reported as an asset held for sale since the first quarter of 2018 and from the first quarter of 2019 was reported as a discontinued operation.

During the period preceding the divestment, Nova generated revenue of SEK 264 million and a net result of SEK 29 million in Q1 2019.

Venture Capital Fund investments

In Q2 2019 the MTG VC Fund invested approximately SEK 22 million in three companies, one new portfolio company and two follow-on investments. The investments made spanned a mix of promising early-stage companies, including San Francisco-based "location-based VR" pioneers Nomadic, the software-based rewards platform Playfull that allows restaurants and eventually retailers to offer gamers real geo-targeted rewards and products, and the world's largest dedicated esports VC fund, BITKRAFT.

Investments in 1H 2019 amounted to a total of approximately SEK 103 million (USD 11 million) including capital commitments. and span startup game developers across several game genres including narrative, competitive, social MMO and game creation platforms in the US and Europe. MTG has invested and committed approximately SEK 195 million (USD 21 million) in 16 companies thus far from its VC fund to complement its majority stake investments in ESL, DreamHack, Kongregate and InnoGames.

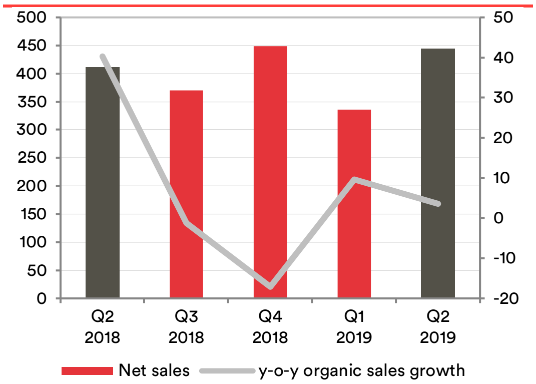
Segmental performance

Esports

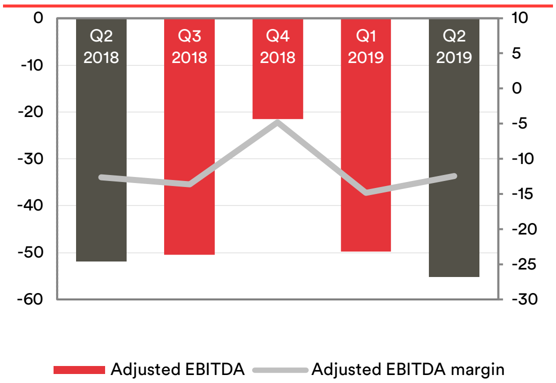
(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Net sales	444	411	780	702	1,520
Adjusted EBITDA	-55	-52	-105	-99	-171
Adjusted EBITDA margin	*-12.4%*	*-12.6%*	*-13.5%*	*-14.1%*	*-11.2%*
Adjustments	*-16*	*-48*	*-30*	*-56*	*152*
EBITDA	-71	-100	-135	-155	-19
Amortization	-6	-6	-13	-12	-24
Depreciation	-13	-9	-27	-18	-41
of which PPA	*-4*	*-4*	*-7*	*-7*	*-14*
EBIT	-90	-116	-174	-185	-85
EBIT margin	*-20.4%*	*-28.1%*	*-22.3%*	*-26.4%*	*-5.6%*
CAPEX	8	9	14	20	29
Net sales growth y-o-y					
Organic growth	*3.6%*	*40.3%*	*6.1%*	*36.5%*	*6.7%*
Acquisitions/divestments	-	-	-	-	-
Changes in FX rates	*4.4%*	*3.3%*	*5.1%*	*2.1%*	*4.0%*
Reported growth	*8.0%*	*43.6%*	*11.2%*	*38.6%*	*10.7%*

Reported net sales in the second quarter grew by 8 percent to SEK 444 (411) million, including 4 percent growth due to the positive impact of exchange rate changes. Organic net sales growth in the quarter was 4 (40) percent.

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



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



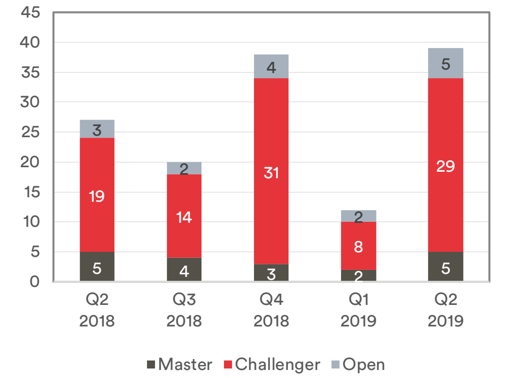
The ESL Masters properties delivered higher revenue than in the previous year, including strong sponsorship revenue growth and ticket sales. However, this positive development was partly offset by slower monetization of media rights and seasonally smaller Master properties by ESL.

Dreamhack delivered strong sales growth in its second quarter, driven by a very successful Dreamhack Masters in Dallas and its open festival events which generated significant sponsorship and media rights revenue. The e-FIFA leagues in Denmark and Sweden also contributed to sales growth. The revenue generated by the e-FIFA leagues is seasonal, reflecting the football seasons which they are based on.

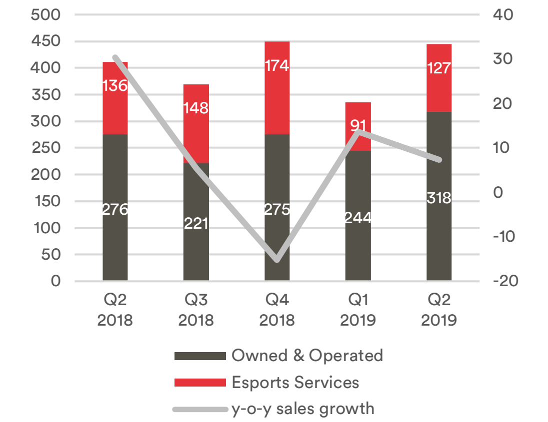
The adjusted EBITDA loss of SEK -55 (-52) million in the second quarter was broadly in line with to the same period last year and the adjusted EBITDA margin improved to -12 (-13) percent compared to the same period last year.

EBITDA adjustments of SEK 16 (48) million comprised the cost of long-term management incentive programs. There were no IAC adjustments in the quarter. The EBITDA amounted to SEK -71 (-100) million.

Number of O&O properties



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



Sales in O&O properties increased by 15 percent in the quarter to SEK 318 million, with the same amount of Master properties as last year. This reflected the increase in sponsorship generated by the Masters properties and the revenue generated by Dreamhack's new e-FIFA leagues and 10 additional Challenger properties.

In line with shifting focusing towards O&O properties, ESS revenue declined by 6 percent to SEK 127 million, representing 29 percent of total esports revenues. The focus in ESS is now on a smaller number of strategic publisher relationships, and these resulted in fewer properties being held.

The schedule of ESL Masters properties for the remainder of the year is the same as in 2018, with three in Q3 2019 and three in Q4 2019 generating typically higher net sales than properties in 1H 2019. Dreamhack will have one Masters property that will be in Q4 2019, rather than Q3 2019, as it was in 2018.

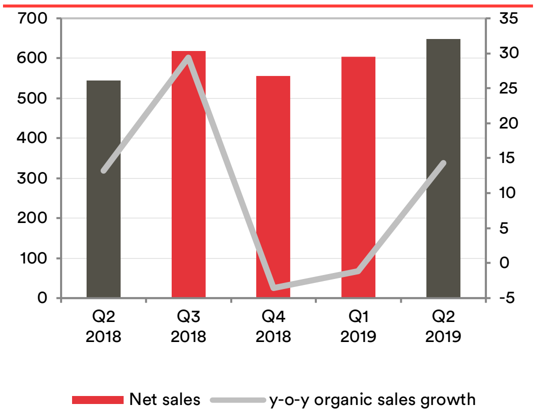
Gaming

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Net sales	648	544	1,252	1,122	2,296
Adjusted EBITDA	186	115	313	247	513
Adjusted EBITDA margin	*28.7%*	*21.1%*	*25.0%*	*22.0%*	*22.4%*
Adjustments	*-9*	*-7*	*-15*	*-16*	*-39*
EBITDA	177	108	299	231	475
Amortization	-39	-35	-77	-66	-137
Depreciation	-11	-4	-20	-7	-15
of which PPA	*-26*	*-25*	*-52*	*-50*	*-101*
EBIT	127	69	201	159	323
EBIT margin	*19.6%*	*12.7%*	*16.1%*	*14.1%*	*14.1%*
CAPEX	58	34	86	89	151
Net sales growth y-o-y					
Organic growth	*14.3%*	*13.3%*	*6.4%*	*23.0%*	*7.1%*
Acquisitions/divestments	*-*	*106.7%*	*-*	*152.0%*	*69.1%*
Changes in FX rates	*4.6%*	*11.0%*	*5.2%*	*14.8%*	*9.9%*
Reported growth	*19.0%*	*130.9%*	*11.6%*	*189.9%*	*86.0%*

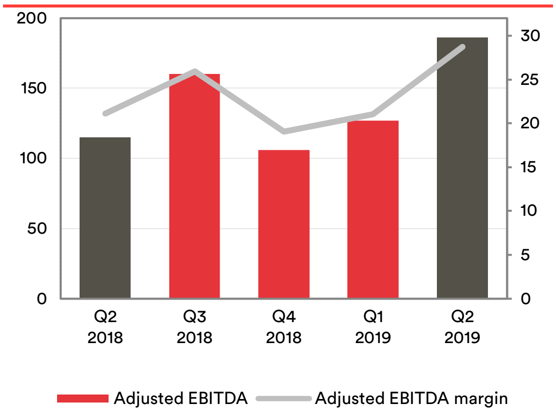
Reported net sales rose by 19 percent to SEK 648 (544) million, with a 5 percent positive impact from exchange rate changes. On an organic basis, net sales in the quarter grew by 14 (13) percent.

Adjusted EBITDA was SEK 186 (115) million and EBITDA was SEK 177 (108) million, representing a margin of 29 (21) percent and 27 (20) percent respectively.

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



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



InnoGames delivered higher sales and a stronger growth rate, reflecting an underlying positive development for several titles that was further enhanced through the phasing of in-game events compared to last year.

Actions taken in Q1 2019 for Kongregate, intended to devote greater development resources to a smaller number of existing games with the potential to deliver stronger sales growth, started to yield early and positive results in Q2 2019. Together with strong operational development at InnoGames, this led to significantly better performance in the period, with the top games delivering improved sales growth and contributing to the quarter-on-quarter improvement in gaming's net sales and EBITDA margin.

Forge of Empires continued to perform exceptionally well on the back of several in-game events and relatively lower marketing spend. The game reached the milestone of EUR 500 million in lifetime revenue during the second quarter. InnoGames' portfolio of classic games continued to perform well whereas the growth of Elvenar was lower than expected. The new mobile game, God Kings, which soft-launched in Q1 2019 is showing a positive development and increased marketing and further features are planned to improve its long-term potential with a commercial launch in 2H 2019. Work is ongoing with the Warlords roadmap.

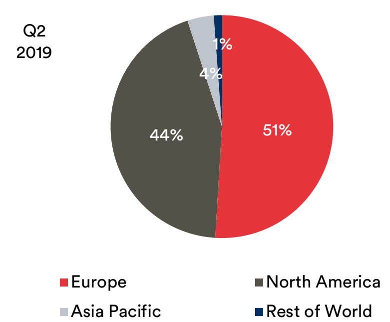
The quarter-on-quarter EBITDA margin expansion in gaming reflected the strong revenue performance of both Kongregate and InnoGames. In both businesses, marketing expenditure in a given quarter is driven by each game's performance metrics (such as conversion and monetization), being adjusted up or down in response to sales of in-game features, helping to improve the gaming vertical's EBITDA margin.

The EBITDA adjustments of SEK 9 million during the quarter were similar to the second quarter of 2018 and comprised the cost of long-term management incentive programs as well as M&A transaction costs. There were no IAC or impairments of previously capitalized development costs.

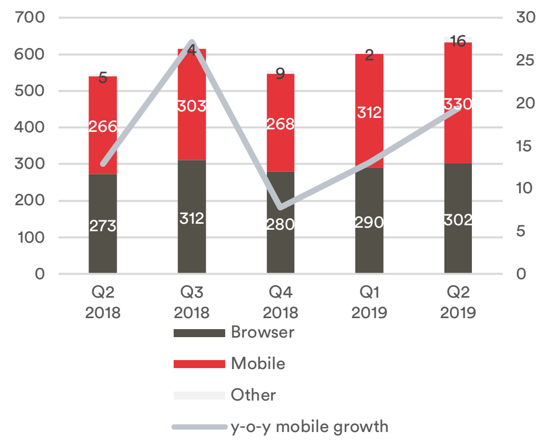
Even though the depreciation and amortization charge in the quarter was higher compared to the same period last year the EBIT margin was significantly higher at approximately 20 percent, mainly due to operational performance.

Capex of SEK 58 million was up compared to the same period last year driven by the acquisition of the Bit Heroes IP at Kongregate.

Net sales per Territory
(% split)



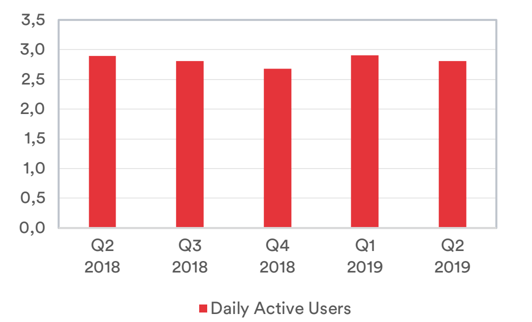
Net sales per Platform & y-o-y sales growth
(SEKm (left side); % (right side)



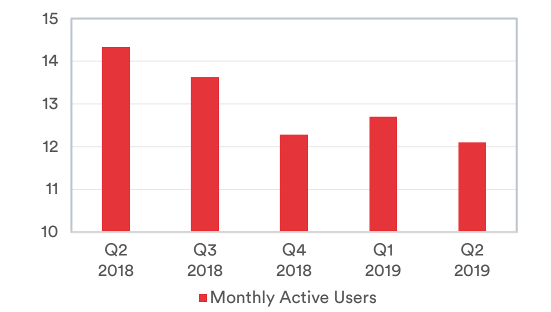
Mobile sales grew by 24 percent to SEK 330 million, representing 51 percent of total revenue in the gaming vertical, outpacing the 10 percent in browser sales growth. As well as the growth of Forge of Empires' mobile sales, InnoGames saw good mobile traction in Elvenar as well as the classic games. More than 90 percent of Kongregate's total revenue is attributable to mobile platforms.

There was no significant movement in the revenue split by territory, with more than 90 percent of revenue in the US and European markets, which are the target territories for both gaming businesses.

Daily Active Users
(Millions)

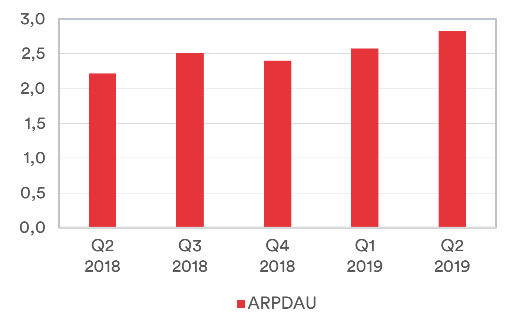


Monthly Active Users
(Millions)

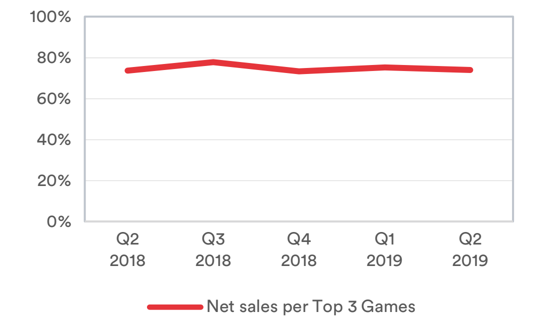


Daily Active Users (DAU) remained stable and decreased marginally by 1 percent to 2.8 million, compared to the previous quarter. The quarter-on-quarter decrease in Monthly Active Users (MAU) was 5 percent mainly due to seasonality and the ongoing and expected decline of browser users. Compared to the same quarter last year, DAU declined by 3 percent and MAU declined by 16 percent mainly driven by Kongregate that had more games featured in app stores and traffic generated from platforms it no longer uses.

Average Revenue per Daily Active User (ARPDAU)
(SEK)



Proportions of Revenue generated by the top 3 games
(%)



The average revenue per daily active user (ARPDAU) increased to SEK 2.8, from SEK 2.6 in Q1 2019 and SEK 2.2 in Q2 2018, supported by positive exchange rates changes. ARPDAU at constant currencies increased 19 percent year-on-year, driven by better game monetization on new and existing users in our top games as well as lower DAU in Kongregate.

There was no material change in the proportion of gaming revenue generated by the top three titles (Forge of Empires, Elvenar and Amination Throwdown), which was broadly flat at around 74 percent.

Other holdings

Other operations mainly comprised Zoomin which reported net sales of SEK 23 (37) million in the quarter, a decline of 40 percent. This was due to lower sales in both advertising and multi-channel networks, Zoomin's two main revenue streams, reflecting difficult market conditions, as flagged previously, and also a strategic shift away from these legacy revenue streams, to focus more on content.

Zoomin's adjusted EBITDA declined to SEK -21 (10) million, as a result of the SEK 15 million fall in net sales. Action is being taken to turn around the business, to arrest the revenue decline and re-size the cost base, and the company's losses are expected to be substantially reduced going forward. MTG AB is currently looking into strategic options for the Zoomin asset.

Financial review

Cash flow from continuing operations*

Cash flow from operations before changes in working capital amounted to SEK -40 (458) million. Depreciation and amortization charges were SEK 74 (110) million, of which SEK 13 (0) million related to leasing depreciation according to IFRS 16 and SEK 32 (30) million related to amortization of PPA.

The Group reported a SEK -29 (255) million change in working capital. Group cash flow from operations amounted to SEK -69 (713) million.

Investing activities

Proceeds from sales of business operations amounted to SEK 1,868 (297) and relates to the divestment of Nova that was completed in April. Group capital expenditure on tangible and intangible assets amounted to SEK 67 (101) million, mainly consisting of capitalized development costs for games and platforms that have not yet been released. Investment in the VC fund was SEK 22 (5) million during the quarter.

Total cash flow relating to investing activities amounted to SEK 1,773 (55) million.

Financing activities

Cash flow from financing activities amounted to SEK -119 (-398) million, mainly due to that the borrowings of SEK 130 million were repaid.

The net change in cash and cash equivalents for continuing operations amounted to SEK 1,585 (370) million. The Group had cash and cash equivalents of SEK 2,085 (1,026) million at the end of the period.

** Comparatives are not restated.*

Parent company

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

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Net sales	5	12	11	25	36
Net interest and other financial items	51	48	92	92	177
Income before tax and appropriations	11	-34	-48	-63	-43

Net interest for the quarter amounted to SEK 34 (51) million. The parent company had cash and cash equivalents of SEK 1,657 (451) million at the end of the period.

The total number of shares outstanding at the end of the period was 67,342,244 (66,725,249) and excluded the 304,880 class B shares held by MTG as treasury shares. There are no class C shares held by MTG as treasury shares. The total number of issued shares did not change during the period.

Other information

Corporate responsibility

MTG published its ninth consecutive Corporate Responsibility Report which presents MTG's performance as a responsible and sustainable business. The 2018 report is produced in accordance with the Global Reporting Initiative (GRI) Standards and the GRI Media Sector Supplement. It complies with the European Union's Directive 2014/95/EU covering non-financial reporting.

Accounting policies

This Interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and 'The Annual Accounts Act'. The interim report for the parent company has been prepared according to the Annual Accounts Act - Chapter 9 'Interim Report'.

The Group's consolidated accounts and the parent company's accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2018 Annual Report except for the new standards IFRS 16 Leases applied as of January 1, 2019. The parent company does not apply IFRS 16 in accordance with the exception in RFR 2. Description of IFRS 16 and the effects of the transition to this standard are stated in the summary below.

The group reports a Right of use asset and a Lease liability on the date of the lease agreement. The Right of use asset initially accrues at acquisition value, which consists of the original value of the lease liability plus any lease payments paid at or before the start date and any initial direct expenses. The Right of use asset is subsequently written off on a straight-line basis from the start date to the earlier of the end date of the asset's useful life and the end of the lease term.

The Lease liability is initially measured at the present value of the future lease payments that have not been paid at the start date. The leasing fees are discounted by the implicit interest on the lease. If this interest rate cannot be easily determined, funding base rates (applicable local IBOR rate) with a risk premium depending on the length of the lease contract are used.

The Group has chosen not to account for Right of use assets and Lease liabilities for leases that have a lease term of 12 months or less or underlying assets of low value. Leasing fees for these leases are reported as a cost on a straight-line basis over the lease term.

The effects of the transition to IFRS 16 are described in more detail on page 21.

Related party transactions

There are no related party relationships other than with subsidiaries, associated companies, and joint ventures.

Risks & uncertainties

Significant risks and uncertainties exist for the Group and the parent company. These factors include the prevailing economic and business environments in some of the markets; commercial risks related to expansion into new territories; other political and legislative risks related to changes in rules and regulations in the various territories in which the Group operates; exposure to foreign exchange rate movements, and the US dollar and Euro linked currencies in particular; and the emergence of new technologies and competitors. The Group's e-sports business is reliant on continued cooperation with game publishers. The Group's game development businesses depend on their ability to continue releasing successful titles which attract paying customers. Both mentioned conditions are not under the Group's full control.

Risks and uncertainties are also described in more detail in the 2018 Annual Report, which is available at www.mtg.com.

Stockholm, July 22, 2019

Jørgen Madsen Lindemann
President & CEO

This report has not been reviewed by the Group´s auditors.

Consolidated income statement

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Continuing operations					
Net sales	1,117	1,004	2,085	1,935	4,024
Cost of goods and services	-616	-543	-1,115	-967	-1,965
Gross income	**501**	**461**	**969**	**968**	**2,060**
Selling expenses	-215	-223	-490	-471	-1,006
Administrative expenses	-313	-348	-573	-679	-1,320
Other operating income	1	7	10	12	57
Other operating expenses	-4	0	-17	-8	-33
Share of earnings in associated companies and joint ventures	-1	0	-3	0	-1
Items affecting comparability	-4	-23	-58	-26	27
EBIT	**-35**	**-125**	**-161**	**-204**	**-216**
Net interest	-1	9	-4	18	33
Other financial items	-9	-10	-19	-47	-60
Income before tax	**-45**	**-126**	**-185**	**-233**	**-243**
Tax	-26	-9	-36	1	-187
Net income for the period, continuing operations	**-71**	**-136**	**-221**	**-232**	**-430**
Discontinued operations					
International Entertainment	1,431	64	1,459	86	194
Nordic Entertainment Group	59	419	13,646	635	1,396
Net income for the period, discontinued operations	**1,490**	**484**	**15,105**	**722**	**1,590**
Total net income for the period	**1,419**	**348**	**14,884**	**490**	**1,160**
Net income for the period, continuing operations attributable to:					
Equity holders of the parent	-113	-157	-295	-285	-536
Non-controlling interest	42	21	74	53	105
Net income for the period	**-71**	**-136**	**-221**	**-232**	**-430**
Total net income for the period attributable to:					
Equity holders of the parent	1,374	323	14,808	432	1,044
Non-controlling interest	45	25	76	58	116
Total net income for the period	**1,419**	**348**	**14,884**	**490**	**1,160**
Continuing operations					
Basic earnings per share (SEK)	-1.68	-2.35	-4.38	-4.27	-8.01
Diluted earnings per share (SEK)	-1.68	-2.33	-4.38	-4.23	-7.95
Total					
Basic earnings per share (SEK)	20.41	4.84	220.31	6.47	15.62
Diluted earnings per share (SEK)	20.41	4.80	220.31	6.41	15.50
Number of shares					
Shares outstanding at the end of the period	67,342,244	66,725,249	67,342,244	66,725,249	66,980,902
Basic average number of shares outstanding	67,342,244	66,725,249	67,214,477	66,725,249	66,854,133
Diluted average number of shares outstanding	67,342,244	67,315,057	67,214,477	67,310,580	67,362,405

Consolidated statement of comprehensive income

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Net income, continuing operations	**-71**	**-136**	**-221**	**-232**	**-430**
Other comprehensive income					
Items that are or may be reclassified to profit or loss net of tax:					
Currency translation differences	-128	66	-40	312	215
Other comprehensive income, continuing operations	**-128**	**66**	**-40**	**312**	**215**
Total comprehensive income, continuing operations	**-199**	**-69**	**-261**	**80**	**-215**
Net income, discontinued operations	**1,490**	**399**	**15,105**	**637**	**1,505**
Other comprehensive income					
Items that are or may be reclassified to profit or loss net of tax:					
Currency translation differences	67	76	140	189	111
Total comprehensive income, discontinued operations	**1,556**	**475**	**15,245**	**826**	**1,616**
Total comprehensive income for the period	**1,357**	**406**	**14,984**	**906**	**1,401**
Total comprehensive income attributable to:					
Equity holders of the parent	1,295	360	14,872	759	1,218
Non-controlling interest	62	45	111	147	183
Total comprehensive income for the period	**1,357**	**406**	**14,984**	**906**	**1,401**

Condensed consolidated balance sheet

(SEKm)	30 Jun 2019	30 Jun 2018	31 Dec 2018
Non-current assets			
Goodwill	3,992	6,267	6,159
Other intangible assets	1,645	2,522	2,746
Total intangible assets	**5,637**	**8,789**	**8,904**
Total tangible assets	**118**	**298**	**270**
Right of use assets	192	-	-
Shares and participations in associated and other companies	180	113	134
Interest-bearing financial receivables	0	9	6
Other financial receivables	277	431	376
Total non-current financial assets	**457**	**553**	**516**
Total non-current assets	**6,404**	**9,640**	**9,690**
Current assets			
Inventory	19	2,292	2,443
Other receivables	1,231	6,376	6,398
Cash, cash equivalents and short-term investments	2,085	1,026	862
Assets held for sale [1)]	-	801	931
Total current assets	**3,335**	**10,494**	**10,634**
Total assets	**9,739**	**20,135**	**20,324**
Equity			
Shareholders' equity	5,700	5,208	5,678
Non-controlling interest	1,391	1,535	1,320
Total equity	**7,091**	**6,744**	**6,997**
Non-current liabilities			
Borrowings	-	500	500
Lease liabilities	141	-	-
Other non-current interest-bearing liabilities	3	0	0
Total non-current interest-bearing liabilities	**144**	**500**	**500**
Provisions	598	1,291	1,058
Liabilities at fair value	385	709	405
Other non-interest-bearing liabilities	1	13	6
Total non-current non-interest-bearing liabilities	**984**	**2,013**	**1,469**
Total non-current liabilities	**1,129**	**2,513**	**1,969**
Current liabilities			
Liabilities at fair value	26	85	37
Borrowings	1	3,000	3,179
Lease liabilities	51	-	-
Other interest-bearing liabilities	-	0	0
Other non-interest-bearing liabilities	1,441	7,431	7,761
Liabilities related to assets held for sale [1)]	-	361	380
Total current liabilities	**1,519**	**10,878**	**11,357**
Total liabilities	**2,648**	**13,391**	**13,326**
Total shareholders' equity and liabilities	**9,739**	**20,135**	**20,324**

[1)] Relates to Trace in 2018.

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and financial liabilities.

Condensed consolidated statement of cash flows

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Cash flow from operations	-40	458	-56	778	1,622
Changes in working capital	-29	255	-116	-467	-568
Net cash flow to/from operations	**-69**	**713**	**-171**	**311**	**1,054**
Proceeds from sales of shares	1,868	297	1,868	297	297
Acquisitions of subsidiaries and associates and other investments	-22	-77	-74	-81	-235
Investments in other non-current assets	-67	-101	-105	-224	-765
Other cash flow from/used in investing activities	-5	-64	-5	-77	-76
Cash flow from/used in investing activities	**1,773**	**55**	**1,685**	**-85**	**-779**
Net change in borrowings	-130	350	-3,740	281	452
Repayment borrowings and other capital restructing items NENT	-	-	3,854	-	-
Dividends to shareholders	-	-834	-	-834	-834
Dividends to minority owners	-	-	-	-	-257
Other cash flow from/used in financing activities	11	86	-5	84	32
Cash flow from/used in financing activities	**-119**	**-398**	**109**	**-469**	**-608**
Net change in cash, continuing operations	**1,585**	**370**	**1,623**	**-244**	**-333**
Net change in cash, discontinued operations	**-237**	**5**	**-626**	**4**	**-8**
Total net change in cash and cash equivalents	**1,348**	**374**	**997**	**-240**	**-341**
Cash and cash equivalents at the beginning of the period	**479**	**673**	**862**	**1,394**	**1,394**
Translation differences in cash and cash equivalents	21	13	13	37	30
Change in cash and cash equivalents in assets held for sale	237	-35	213	-165	-221
Cash and cash equivalents at end of the period	**2,085**	**1,026**	**2,085**	**1,026**	**862**

Condensed consolidated statement of changes in equity

(SEKm)	30 Jun 2019	30 Jun 2018	31 Dec 2018
Opening balance	**6,997**	**6,572**	**6,572**
Net income for the period	14,884	490	1,160
Other comprehensive income for the period	100	501	326
Total comprehensive income for the period	**14,984**	**991**	**1,486**
Effect of employee share programmes	14	19	30
Change in non-controlling interests	-40	1	1
Dividend Nordic Entertainment Group	-14,866	-	-
Dividends to shareholders	-	-834	-834
Dividends to non-controlling interests	-	-5	-257
Closing balance	**7,091**	**6,744**	**6,998**

Parent company condensed income statement

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Net sales	5	12	11	25	36
Gross income	**5**	**12**	**11**	**25**	**36**
Administrative expenses	-45	-94	-150	-179	-256
Operating income	**-40**	**-82**	**-139**	**-154**	**-220**
Net interest and other financial items	51	48	92	92	177
Income before tax and appropriations	**11**	**-34**	**-48**	**-63**	**-43**
Appropriations	-	-	-	-	538
Tax	-	16	-	21	-24
Net income for the period	**11**	**-19**	**-48**	**-42**	**471**

Parent company condensed statement of comprehensive income

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Net income for the period	11	-19	-48	-42	471
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	11	-19	-48	-42	471

Parent company condensed balance sheet

(SEKm)	30 Jun 2019	30 Jun 2018	31 Dec 2018
Non-current assets			
Capitalised expenditure	0	0	0
Machinery and equipment	3	0	2
Shares and participations	6,025	6,025	8,025
Other financial receivables	8,772	9,676	12,077
Total non-current assets	**14,800**	**15,702**	**20,104**
Current assets			
Current receivables	65	287	4,673
Cash, cash equivalents and short-term investments	1,657	451	24
Total current assets	**1,722**	**737**	**4,697**
Total assets	**16,522**	**16,439**	**24,801**
Shareholders' equity			
Restricted equity	338	338	338
Non-restricted equity	2,971	4,485	5,003
Total equity	**3,309**	**4,823**	**5,341**
Untaxed reserves	**239**	**90**	**239**
Non-current liabilities			
Interest-bearing liabilities	-	500	500
Provisions	0	20	5
Non-interest-bearing liabilities	-	41	10
Total non-current liabilities	**0**	**561**	**514**
Current liabilities			
Other interest-bearing liabilities	12,882	10,722	18,410
Non-interest-bearing liabilities	91	244	296
Total current liabilities	**12,973**	**10,966**	**18,706**
Total shareholders' equity and liabilities	**16,522**	**16,439**	**24,801**

Net sales and EBIT by segment

	Esport		**Gaming**		**Other**		**Central operations and eliminations**		**Total operations**	
(SEKm)	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Net sales	444	411	648	544	23	37	3	11	**1,117**	**1,004**
EBIT	-90	-116	127	69	-26	6	-46	-85	**-35**	**-125**

	Esport		**Gaming**		**Other**		**Central operations and eliminations**		**Total operations**	
(SEKm)	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Net sales	780	702	1,252	1,122	50	91	3	20	**2,085**	**1,935**
EBIT	-174	-185	201	159	-44	-2	-144	-175	**-161**	**-204**

Leasing

At the transition to IFRS 16, the Group has chosen to apply the modified retrospective approach. According to IFRS 16, the Group recognizes Right of us assets and Leasing liabilities for most leases, meaning that the leasing agreements are included in the balance sheet, the exceptions to this being stated below.

The Group previously had only leasing agreements that were classified as operational leases in accordance with IAS 17. At the transition, the lease liabilities were valued at the present value of the remaining leasing fees, discounted by funding base rates (applicable local IBOR rate) with a risk premium depending on the term of the lease on the first application date (January 1, 2019). The right of use was valued at an amount corresponding to the lease liability.

The Group has chosen not to account for Right of use assets and lease liabilities for leases that have a lease term of 12 months or less or underlying assets of low value. Leasing fees for these leases are reported as a cost on a straight-line basis over the lease term. The Group has made judgments when determining the lease term if the agreement contains opportunities to extend or terminate the lease agreement.

The reported Right of use assets is mainly attributable to properties that represent 99% of the total Right of use assets. Other is mainly leasing cars.

(SEKm)	1 Jan 2019
Operational leasing commitments as of December 31, 2018 as disclosed in the annual report	1,251
Less discontinued operations	-1,031
Operational leasing commitments as of December 31, 2018 - continued operations	**220**
Discounted with funding base rates including a risk premium	198
Added - reasonably safe extension periods	-
Lease liability per January 1 2019 - Continued operations	**198**

Comparative numbers as if IAS 17 had been applied in 2019

Excerpt from report on the income statement

(SEKm)	IFRS 16 Q2 2019	IAS 17 Q2 2019	IAS 17 Q2 2018	IFRS 16 H1 2019	IAS 17 H1 2019	IAS 17 H1 2018
EBITDA	**39**	**25**	**-67**	**-15**	**-43**	**-93**
EBIT	**-35**	**-36**	**-125**	**-161**	**-162**	**-204**
Financial net	-10	-9	-1	-23	-21	-29
Income before tax	**-45**	**-45**	**-126**	**-185**	**-184**	**-233**
Total net income for the period	**1,419**	**1,419**	**348**	**14,884**	**14,885**	**490**

Excerpt from report on the balance sheet

(SEKm)	IFRS 16 30 Jun 2019	IAS 17 30 Jun 2019	IAS 17 30 Jun 2018
Right of use assets	192	-	-
Other non-current assets	6,212	6,212	9,640
Current assets	3,335	3,335	10,494
Total assets	**9,739**	**9,547**	**20,135**
Total equity	**7,091**	**7,092**	**6,744**
Non-current lease liabilities	141	-	-
Other non-current liabilities	988	988	2,513
Total non-current liabilities	**1,129**	**988**	**2,513**
Current lease liabilities	51	-	-
Other current liabilities	1,468	1,468	10,878
Total current liabilities	**1,519**	**1,468**	**10,878**
Total equity and liabilities	**9,739**	**9,547**	**20,135**

Excerpt from report on the statement of cash flows

(SEKm)	IFRS 16 Q2 2019	IAS 17 Q2 2019	IAS 17 Q2 2018	IFRS 16 H1 2019	IAS 17 H1 2019	IAS 17 H1 2018
Cash flow from operations	-40	-53	458	-56	-82	778
Changes in working capital	-29	-29	255	-116	-116	-467
Net cash flow from operations	**-69**	**-82**	**713**	**-171**	**-198**	**311**
Cash flow used in investing activities	**1,773**	**1,773**	**55**	**1,685**	**1,685**	**-85**
Cash flow used in financing activities	**-119**	**-105**	**-398**	**109**	**138**	**-469**
Net cash flow from continuing operations	**1,585**	**1,586**	**370**	**1,623**	**1,625**	**-244**

Alternative performance measures

The purpose of Alternative Performance Measures (APMs) is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. MTG is using the following APMs:

- Adjusted EBITDA
- Change in net sales from Organic growth, Acquisition/Divestments, and changes in FX rates

Adjusted EBITDA

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
EBIT	**-35**	**-125**	**-161**	**-204**	**-216**
Amortizations	47	44	93	84	170
Depreciation	27	15	53	27	57
EBITDA	**39**	**-67**	**-15**	**-93**	**12**
Items affecting comparability	4	23	58	26	-27
Impairment own capitalized costs	-	-	-	-	13
Long-term incentive programs	23	11	48	28	13
M&A transaction costs	4	6	4	21	34
Adjusted EBITDA	**71**	**-26**	**95**	**-18**	**45**

Items affecting comparability (IAC) in Q2 are restructuring costs in Zoomin of SEK 4 million. IAC in Q2 2018 are restructuring costs in ESL of SEK 49 million and a capital gain related to options to acquire shares of SEK 26 million.

Sales growth by segment

	Q2 2019	Q2 2018	H1 2019	H1 2018
Esport				
Organic growth	*3.6%*	*40.3%*	*6.1%*	*36.5%*
Acquisition/divestments	-	-	-	-
Changes in FX rates	*4.4%*	*3.3%*	*5.1%*	*2.1%*
Reported growth (%)	*8.0%*	*43.6%*	*11.2%*	*38.6%*
Gaming				
Organic growth	14.3%	*13.3%*	6.4%	*23.0%*
Acquisition/divestments	-	*106.7%*	-	*152.0%*
Changes in FX rates	*4.6%*	*11.0%*	*5.2%*	*14.8%*
Reported growth (%)	*19.0%*	*130.9%*	*11.6%*	*189.9%*
Other				
Organic growth	-40.9%	*-15.0%*	-47.6%	*3.1%*
Acquisition/divestments	-	-	-	*-18.0%*
Changes in FX rates	*1.2%*	*3.4%*	*1.8%*	*3.8%*
Reported growth (%)	*-39.8%*	*-11.7%*	*-45.8%*	*-11.1%*
Total operations				
Organic growth	6.9%	*24.4%*	2.8%	*25.4%*
Acquisition/divestments	-	*43.8%*	-	*96.2%*
Changes in FX rates	*4.4%*	*6.4%*	*5.0%*	*5.9%*
Reported growth (%)	*11.3%*	*74.6%*	*7.7%*	*127.5%*

Discontinued operations

Net income - Discontinued operations

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
International entertainment	-	64	29	86	194
Nordic Entertainment Group	-	335	165	551	1,311
Capital Gain	1,490	-	14,911	-	-
Net income - Discontinued operations	**1,490**	**399**	**15,105**	**637**	**1,505**

Nordic Entertainment Group AB

At the Extraordinary General Meeting on February 7th, 2019, it was decided to split the Group and distribute the shares of Nordic Entertainment Group AB (NENT) to the shareholders of MTG. In March, the shareholders received one NENT share for each MTG share. NENT was listed on Nasdaq Stockholm on March 28th, 2019.

On distribution of the NENT shares, MTG recognized a capital gain of SEK 13 480 million, representing the difference between the fair value of NENT and the carrying value of NENT's net assets at the time of distribution.

As part of the distribution, all historical translation differences allocated to NENT, amounting to SEK 78 million, have been recycled to the income statement for discontinued operations.

Balance sheet

(SEKm)	30 Jun 2019	30 Jun 2018	31 Dec 2018
Non-current assets	-	3,464	3,704
Current assets	-	8,907	8,498
Total assets	**-**	**12,371**	**12,202**
Equity	-	5,258	597
Non-current liabilities	-	674	495
Current liabilities	-	6,438	11,110
Total liabilities	**-**	**12,371**	**12,202**

Income Statement

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Net sales	-	3,719	3,727	7,171	14,568
Cost of goods and services	-	-2,403	-2,489	-4,796	-9,805
Gross income	**-**	**1,315**	**1,238**	**2,375**	**4,763**
Selling and administrative expenses	-	-850	-992	-1,653	-3,244
Other operating income and expenses	-	-1	27	15	24
Items affecting comparability	-	-48	-56	-48	-40
EBIT	**-**	**417**	**217**	**686**	**1,503**
Net interest	-	-10	-5	-21	-37
Other financial items	-	-26	7	-1	-15
Income before tax	**-**	**380**	**219**	**664**	**1,451**
Tax	-	-50	-54	-119	-160
Net income for the year	**-**	**330**	**165**	**545**	**1,291**

Cash Flows

(SEKm)	Q2 2019	Q2 2018	H1 2019	H1 2018	Full year 2018
Cash flows from:					
Operating activities	-	627	-157	270	1,116
Investing activities	-	-94	-33	-153	-568
Financing activities	-	-524	466	-93	-209
Net cash flow for the period	**-**	**9**	**276**	**24**	**339**

Nova Broadcasting Group

MTG completed the sale of its 95 percent shareholding in Nova Broadcasting Group in Bulgaria to Advance Media Group on 10th of April 2019. MTG recognized a capital gain of SEK 1 431 million. MTG will use the proceeds to further develop its global digital entertainment verticals through organic investments and acquisitions.

Nova had been reported as an Asset held for sale since the first quarter of 2018 and from the first quarter of 2019 was reported as a Discontinued Operation.

During the period preceding the divestment, Nova generated revenue of SEK 264 million and a net result of SEK 29 million.

Definitions

Adjusted EBITDA

In order to assess the operating performance of the business, MTG management will, going forward, focus on Adjusted EBITDA, and Adjusted EBITDA Margin, that does not include the impact from Items Affecting Comparability, Long-term incentive programs, acquisition-related transaction expenses and impairment of own work capitalized, which are referred to as adjustments.

ARPDAU

Average revenue per daily active user.

CAPEX

Capital expenditures

Cash flow from operations

Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

DAU

Daily active user

Earnings per share

Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

EBIT

EBIT (operating income) comprise earnings before interest and tax.

EBITDA

is read Earnings Before Interest, Tax, 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 user.

Organic growth

Change in net sales compared to the same period of the previous year excluding acquisitions and divestments and adjusted for currency effects.

Shareholders information

Financial calendar

Q3 results announcement	29 October 2019
Q4 and full year announcement	6 February 2020

Questions?

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Conference call

The company will host a conference call today at 9:00 CEST. To participate in the conference call, please dial:

Standard international:	+44 (0) 2071 928000
Sweden:	+46 850 692 180
UK:	+44 844 571 8892
US:	+1 631 510 7495

The access pin code for the call is 598 60 46.

The conference call will be held in English and also be available live in “listen-only” mode at www.mtg.com.

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