

Higher revenue driven by esports in Q3 2019

- MTG continued to deliver on its strategic direction, reporting seasonally robust operational development for the quarter
- Esports sales were up 12 percent, despite one less Master property compared with Q3 2018. The positive development was mainly driven by increased sponsorship sales
- Stable development for the gaming vertical, supported by a strong operational recovery in Kongregate. ARPDau increased by 7 percent in constant currencies compared to same period last year
- MTG VC fund invested SEK 10 million in three growth companies, two of which comprised new investments

Q3 2019 financial highlights

- Net sales growth of 4 percent to SEK 1,066 (1,027) million, mainly attributable to changes in FX rates
- EBITDA of SEK -17 (44) million, of which SEK 14 million due to the impact of IFRS 16
- Adjusted EBITDA of SEK 19 (27) million, including adjustments for long-term incentive (LTI) programs of SEK 17 (-20) million and M&A transaction costs of SEK 19 (-) million (1)
- Operating income (EBIT) of SEK -98 (-13) million
- Net income from continuing operations of SEK -98 (-43) million and basic earnings per share of SEK -1.73 (-1.16)
- Total net income of SEK -123 (192) million
- Net cash flow from operations of SEK -38 (251) million

Financial overview

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Continuing operations					
Net sales	1,066	1,027	3,151	2,962	4,024
<i>of which esports</i>	415	370	1,196	1,071	1,520
<i>of which gaming</i>	629	618	1,881	1,740	2,296
<i>of which other</i>	22	38	72	129	183
<i>of which central operations and eliminations</i>	-1	1	3	21	25
Costs before depreciation and amortization	-1,084	-983	-3,183	-3,011	-4,012
Adjusted EBITDA ¹⁾	19	27	114	9	45
<i>Adjusted EBITDA margin</i>	1.8%	2.6%	3.6%	0.3%	1.1%
<i>Adjustments</i>	-36	17	-146	-58	-33
EBITDA	-17	44	-32	-49	12
Amortization	-55	-43	-148	-127	-170
Depreciation	-26	-14	-79	-41	-57
<i>of which PPA</i>	-32	-31	-95	-90	-120
EBIT	-98	-13	-259	-217	-216
<i>EBIT margin</i>	-9.2%	-1.3%	-8.2%	-7.3%	-5.4%
Net income	-98	-43	-319	-275	-346
Basic earnings per share (SEK)	-1.73	-1.16	-6.12	-5.43	-6.74
Cash flow from operations	-38	251	-94	1,028	1,622
CAPEX	69	33	174	149	194
Discontinued operations ²⁾					
Net income	-26	236	15,079	957	1,505
Total operations					
Net income	-123	192	14,761	682	1,160
Basic earnings per share (SEK)	-2.08	2.33	218.08	8.80	15.62
Net sales growth y-o-y					
<i>Organic growth</i>	-0.2%	11.0%	1.7%	18.6%	4.8%
<i>Acquisitions/divestments</i>	-	12.2%	-	56.4%	29.9%
<i>Changes in FX rates</i>	4.1%	10.4%	4.7%	8.0%	6.4%
<i>Change in reported net sales</i>	3.8%	33.6%	6.4%	82.9%	41.2%

1) See page 25 for details of adjustments to EBITDA. Alternative performance measures used in this report are explained on page 28

2) Consists of the adjusted result for Nova in Q3 2019, and for Nordic Entertainment Group and businesses in Tanzania for 2018



President & CEO's comments

Esport – Continued strong growth and important strategic partnerships formed

The third quarter 2019 showed a high level of activity with important initiatives taken to professionalize the commercial part of esport through agreements and partnerships formed and previously announced. Our esport sales grew by 12 percent, driven by improved performance in our Master properties and strong revenue development for sponsorship.

As we have stated before, increased access to qualitative data and the production of relevant esport media products are key to improve monetization of the vertical. In the quarter, we are excited to have entered a comprehensive and strategic agreement with Nielsen, the global measurement and data analytics company. Together, we will deliver relevant and industry standard statistics to our partners, helping them to better engage in esport. We have also announced the new ESL Pro Tour, the world largest Counter-Strike: Global Offensive (CS:GO) circuit – a unique global product.

DreamHack and ESL have established additional publisher partnerships. New agreements with UEFA and Konami, TakeTwo and their triple A title NBA2K, the Dutch football league Eredivise; and the opportunity to arrange two large Fortnite tournaments with a combined prize pool of USD 500,000 are just some of the notable achievements from our esport portfolio companies in the third quarter.

The emergence of mobile esport is a strong trend that is very exciting. In the quarter, we continued to develop the ESL Mobile Open franchise together with our partners Vodafone and AT&T, holding competitions within titles such as PUBG, Asphalt 9 and Clash Royal. This is now moving quickly from a small side project to a considerable contributor to the overall esport vertical.

Gaming – longer customer lifetime value leading to increased marketing spend

The gaming vertical had a solid performance impacted by sequential seasonality in Q3 2019, namely the timing of bigger in-game events, and investments in marketing. However, the underlying operational development was positive with ARPDAU increasing by 7 percent year-on-year in constant currencies.

With improved assumptions on customer lifetime value at InnoGames, we have seen an opportunity to increase marketing spend to create a foundation for future growth. That has resulted in slightly muted operational development in the quarter. However, already in the months of August and September, we have started to see an increase in monthly and daily active users on the back of this push to acquire new customers to major titles such as Forge of Empires and Elvenar. Work is still ongoing with newer mobile game such as Warlords and their roadmap to improve operational metrics.

At Kongregate, the turnaround has progressed well, with positive revenue development and stronger EBITDA, thanks to our focus on fewer but higher quality games. A good example was the roll-up of the title Bit Heroes that was successfully integrated into the Kongregate operations.

Strategic Review of Gaming Vertical

Our gaming vertical has had a strong performance – most notably since the acquisition of the 51 % stake in InnoGames. During 2019 and since the split, we have been approached with a broad range of alternatives for us to become even more competitive. The strategic review we announced today is to evaluate the best route to create and crystalize value for shareholders. The review could result in a joint venture partnership for the gaming vertical to enhance its competitive position, and to get access to capital and new geographies, or that MTG becoming a global pure play esports company, dedicating more resources to capitalize on the global rise of esports from its already leading market position through its ownership in ESL and DreamHack.

We have the opportunity to establish MTG as a global leader in the esports industry and we will accelerate value creation by further combining and extracting synergies in our ownership of the two strongest esports brands globally, aided by our solid financial position and commercial operational expertise.

Within the context of the strategic review, we will also explore an additional listing in the US - one of the biggest and most important esports markets in the world.

After the completion of the strategic review, we intend to assess our financial principles and cash requirements going forward in accordance with the company strategy of growing organically and through acquisitions. The outcome of the review could lead to a potential redistribution of any excess cash to our shareholders.

A right sized team to ensure a more efficient organization

Independent and in parallel to these processes, MTG considers implementing an operational efficiency program to ensure a right sized and more efficient organization. The program is the result of a comprehensive internal analysis of the operations since MTG's launch in 2019 and if executed includes a downsizing of MTG's headquarters that will include personnel and facility costs.

In a strong position moving forward

It's with anticipation that we conclude our third quarter. We are operating in the very fast paced and dynamic esports and gaming markets, and we believe that we are at a position of strength to capture the opportunities in both our verticals as we move into the fourth quarter of 2019.

Jørgen Madsen Lindemann

President & CEO

Ambition for full-year 2019

The Group's ambition for the full-year 2019 is to deliver organic sales growth of 8-12 percent and an adjusted EBITDA margin in mid-single digits, after group central costs and excluding the impact of IFRS 16 for its two business verticals, esports 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

MTG's portfolio company 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.

MTG's ESL and DreamHack launched ESL Pro Tour in 2020; The World's largest Counter-Strike: Global Offensive circuit with an aggregated prize pool of over USD 5 million

In September, ESL and DreamHack announced the launch of the global CS:GO competition circuit ESL Pro Tour (ESLprotour.com). The forming of the new global esports tour is an important step in professionalizing the global esports industry and thereby increasing monetization of esports, in terms of sponsorship and media rights, in line with MTG's strategy.

MTG entered into term sheet with HUYA Inc. regarding the forming of a joint venture for China esport expansion and HUYA investment into ESL

In September, MTG AB announced the entering into a binding term sheet and the forming of a strategic joint venture as part of a transaction that allows HUYA Inc. to acquire a minority stake in MTG's portfolio company ESL. Huya will acquire USD 30 million worth of primary and secondary shares in ESL at a pre-money enterprise value of ESL of USD 425 million. As part of the transaction, ESL will issue new shares at a value of USD 22 million to increase capital to be used for further expansion, parts of which will be used by ESL to fund its pro-rata part of the joint venture company.

MTG's ESL and DreamHack entered into comprehensive esport measurement agreement with Nielsen

In September, MTG AB announced that it had entered into a comprehensive esports measurement agreement for esports portfolio companies ESL Gaming GmbH and DreamHack with Nielsen, the media industry's single source of truth for esports sponsorship valuation and media measurement. The agreement will further advance research standards in esports and provide greater confidence for brands and properties that are considering making investments in the esports industry.

DreamHack to host two Fortnite Community Tournaments with combined USD 500,000 prize pool

In September, DreamHack announced that it will host two massive community tournaments featuring success title Fortnite with a prize pool of USD 250,000 each.

MTG divests portfolio company Zoomin to Azerion

In October, MTG announced that it has sold its portfolio company Zoomin to Azerion, a leading Dutch-based European technology company in media and entertainment. The transaction sees 100% of MTG's ownership in Zoomin divested.

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

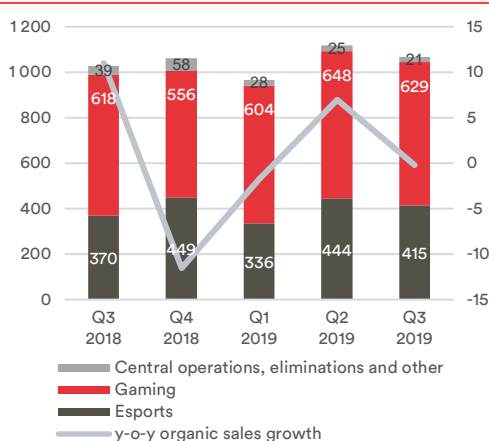
Group performance

Net sales – continuing operations

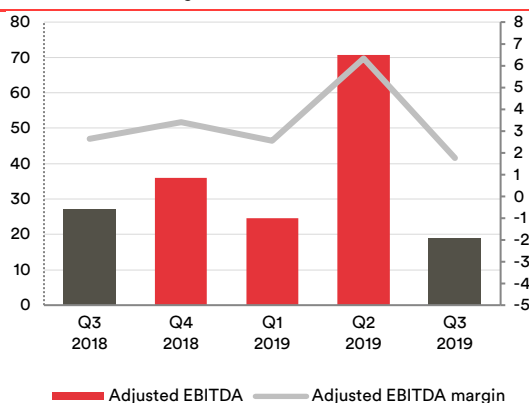
In the third quarter, net sales on a reported basis rose 4 percent year-on-year to SEK 1,066 (1,027) million. On an organic basis, sales were unchanged, while exchange-rates changes contributing 4 percent, reflecting SEK weakness against both the USD and EUR compared with the third quarter of 2018. There were no acquisitions or divestments in the quarter that affected net sales.

Esport net sales grew by 12 percent in Q3 2019, of which organic growth represented 7 percent, despite one less Master property compared with the corresponding period last year. This was complemented by a 2 percent growth in net sales for gaming, of which organic growth accounted for 2 percent decline. Net sales development was also impacted by a 42 percent decline in net sales for 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 10 percent to SEK 1,084 (983) million. This included SEK 0 (-7) million in Items Affecting Comparability (IAC), SEK 0 (9) million in impairment of own capitalized costs, 17 (-20) million in costs related to Long-Term Incentive (LTI) programs and SEK 19 (0) million in Merger & Acquisition (M&A) transaction costs.

Adjusted EBITDA – continuing operations

The Group's adjusted EBITDA in the quarter amounted to SEK 19 (27) million. This included SEK 14 million due to the application of IFRS 16 compared with the corresponding period last year. Excluding the impact of IFRS 16, adjusted EBITDA was SEK 5 (27) million.

Group central operations impacted the quarter by SEK -33 (-54) million, affected positively by lower costs following the split of NENT and MTG.

The adjusted EBITDA margin in the quarter was 2 (3) percent, and 0.5 percent excluding the impact of IFRS 16. The margin development was mainly driven by the gaming vertical which reported higher marketing expenses and flat sales development following year over year movement of in-game events at InnoGames. This was partly offset by significantly better margins in Kongregate as a result of its operational turnaround. Furthermore, the shift of one Masters property from Q3 2019 to Q4 2019 had an adverse margin impact in the esports vertical.

Adjusted EBITDA reflects the underlying performance of the business and SEK 17 million in costs related to LTI programs as well as SEK 19 million in M&A transaction costs were excluded. There were no impairments of previously capitalized costs in the quarter, which would also have been excluded from adjusted EBITDA.

The EBITDA before adjustments was SEK -17 (44) million.

EBIT – continuing operations

Depreciation and amortization in the third quarter amounted to SEK -81 (-57) million and included depreciation on purchase price allocations (PPA) of SEK -32 (-31) million. Excluding PPA, depreciation and amortization increased by SEK 23 million to SEK -49 (-26) million, partly reflecting the implementation of IFRS 16 in the amount of SEK 14 million as well as higher amortization in gaming of intangible assets and own work capitalized.

Group EBIT in the quarter was SEK -98 (-13) million with the year-on-year decrease largely reflecting the seasonal shifts in both the gaming and esports verticals. The EBIT margin was -9 (-1) percent in the quarter.

Net financials and net income from continuing operations

Net financial items amounted to SEK 8 (-32) million, predominantly driven by exchange rate changes. The Group's tax cost was SEK -8 (-82) million. 2018 was affected by the write-down of deferred taxes of SEK 49 million, mainly due to changes in the tax rate in the US and the revaluation of deferred tax assets in Zoomin. The net loss for the period from continuing operations thus amounted to SEK -98 (-128) 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 1,405 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 Q3 2019 the MTG VC Fund invested approximately SEK 10.2 million (USD 1.1 million) in three companies, two new portfolio companies and one follow-on investment. The investments made spanned a mix of promising early-stage companies, including Boston-based video games program Mightier, a gaming program that improves emotional regulation skills in children through gaming, the studio Dazzle Rocks that developed the social massively multiplayer online game (MMO) Seven Legends, as well as a follow-on investment in Tonk Tonk Games.

Investments in the first nine months of 2019 amounted to a total of approximately SEK 84.8 million (USD 8.8 million), including capital commitments and span start-up 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 211.5 million (USD 22.1 million) in 18 companies thus far from its VC fund to complement its majority stake investments in ESL, DreamHack, Kongregate and InnoGames.

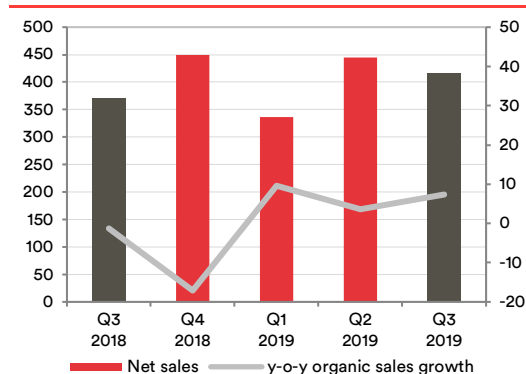
Segmental performance

Esports

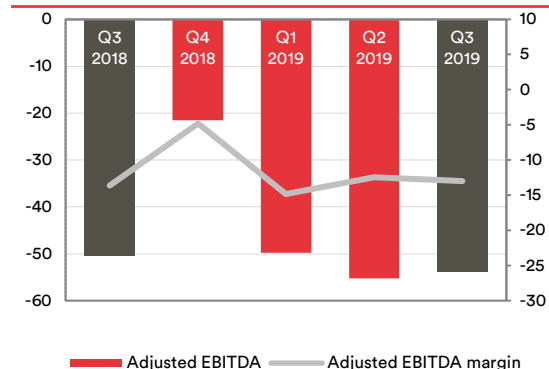
(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Net sales	415	370	1,196	1,071	1,520
Adjusted EBITDA	-54	-51	-159	-149	-171
<i>Adjusted EBITDA margin</i>	<i>-13.0%</i>	<i>-13.7%</i>	<i>-13.3%</i>	<i>-13.9%</i>	<i>-11.2%</i>
<i>Adjustments</i>	<i>-13</i>	<i>196</i>	<i>-42</i>	<i>140</i>	<i>152</i>
EBITDA	-66	146	-201	-9	-19
Amortization	-6	-6	-19	-18	-24
Depreciation	-12	-11	-39	-29	-41
<i>of which PPA</i>	<i>-4</i>	<i>-4</i>	<i>-11</i>	<i>-11</i>	<i>-14</i>
EBIT	-85	128	-259	-57	-85
<i>EBIT margin</i>	<i>-20.6%</i>	<i>34.7%</i>	<i>-21.7%</i>	<i>-5.3%</i>	<i>-5.6%</i>
CAPEX	14	6	28	26	29
Net sales growth y-o-y					
<i>Organic growth</i>	<i>7.3%</i>	<i>-1.3%</i>	<i>6.5%</i>	<i>21.1%</i>	<i>6.7%</i>
<i>Acquisitions/divestments</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Changes in FX rates</i>	<i>5.1%</i>	<i>7.0%</i>	<i>5.1%</i>	<i>4.1%</i>	<i>4.0%</i>
<i>Reported growth</i>	<i>12.4%</i>	<i>5.7%</i>	<i>11.6%</i>	<i>25.2%</i>	<i>10.7%</i>

Reported net sales in the third quarter grew by 12 percent to SEK 415 (370) million, including 5 percent growth due to the positive impact of exchange rate changes. Organic net sales growth in the quarter was 7 (-1) percent with one less Master property than the same period last year.

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



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



ESL held Master properties in Cologne, Chicago and New York during the quarter that contributed to a net sales growth in the high teens compared to last year. This included strong growth in sponsorship, ticket sales and merchandise. When comparing key performance indicators (KPIs) to the same properties last year, it is clear that the esports vertical in general and ESL in particular have a positive momentum. Most KPIs are double or triple versus one year ago which show that the

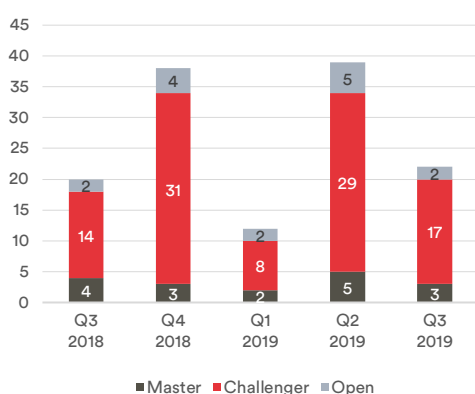
competitions are relevant, the audience is growing very fast and that MTG is still in the beginning of the journey of transforming esports into an established sport.

DreamHack net sales declined during the third quarter, mainly as a result of DreamHack Masters in Malmö taking place in Q4 compared with Q3 in 2018, and fewer ESS events. DreamHack ran six properties in total, of which the most significant was DreamHack Showdown in Valencia, which was the first all-female esports tournament arranged by DreamHack.

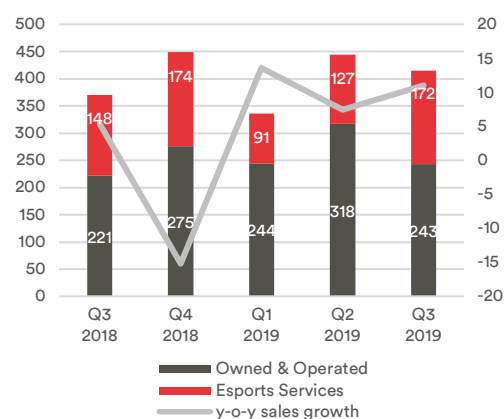
The adjusted EBITDA loss of SEK -54 (-51) million in the third quarter was broadly in line with the corresponding period last year, despite one less Masters property. The adjusted EBITDA margin improved to approximately -13 (-14) percent as a result of higher sales.

EBITDA adjustments of SEK -13 (196) million comprised the cost of long-term management incentive programs, where 2018 included a non-cash revaluation gain of SEK 172 million relating to Turtle Entertainment. There were no IAC adjustments in the quarter. The EBITDA amounted to SEK -66 (146) 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 10 percent in the quarter to SEK 243 million, with one less Master property compared with the corresponding period last year, following the move of a DreamHack Masters property from Q3 to Q4 2019. That deficit was offset mainly by increased sponsorship sales generated from the remaining ESL Masters properties in Cologne, Chicago and New York as well as three additional Challenger properties.

ESS net sales increased by 17 percent in the quarter to SEK 172 million, representing 42 percent of total esports net sales. The focus in ESS has been on establishing more strategic publisher relationships. Despite this decision resulting in fewer events being held in the quarter, each event generated higher revenues.

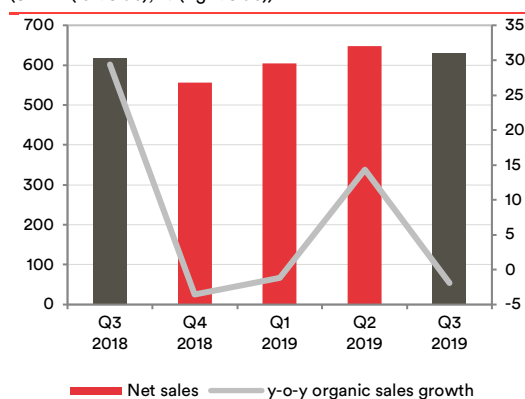
Gaming

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Net sales	629	618	1,881	1,740	2,296
Adjusted EBITDA	118	160	431	407	513
<i>Adjusted EBITDA margin</i>	<i>18.8%</i>	<i>25.9%</i>	<i>22.9%</i>	<i>23.4%</i>	<i>22.4%</i>
<i>Adjustments</i>	<i>-16</i>	<i>-20</i>	<i>-30</i>	<i>-35</i>	<i>-39</i>
EBITDA	102	140	401	372	475
Amortization	-47	-35	-123	-101	-137
Depreciation	-10	-4	-30	-11	-15
<i>of which PPA</i>	<i>-27</i>	<i>-26</i>	<i>-79</i>	<i>-76</i>	<i>-101</i>
EBIT	46	101	247	260	323
<i>EBIT margin</i>	<i>7.3%</i>	<i>16.3%</i>	<i>13.1%</i>	<i>14.9%</i>	<i>14.1%</i>
CAPEX	55	26	141	115	151
Net sales growth y-o-y					
<i>Organic growth</i>	<i>-1.9%</i>	<i>29.4%</i>	<i>3.4%</i>	<i>23.0%</i>	<i>7.1%</i>
<i>Acquisitions/divestments</i>	<i>-</i>	<i>25.8%</i>	<i>-</i>	<i>152.0%</i>	<i>69.1%</i>
<i>Changes in FX rates</i>	<i>3.6%</i>	<i>14.5%</i>	<i>4.7%</i>	<i>14.8%</i>	<i>9.9%</i>
<i>Reported growth</i>	<i>1.8%</i>	<i>69.7%</i>	<i>8.1%</i>	<i>189.9%</i>	<i>86.0%</i>

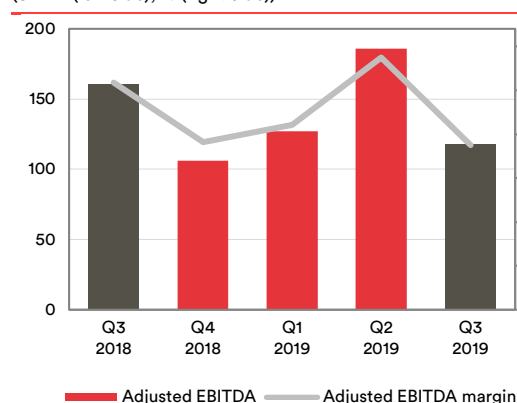
Reported net sales rose by 2 percent to SEK 629 (618) million, including a 4 percent positive impact from exchange rate changes. On an organic basis, net sales in the quarter declined by 2 (+29) percent.

Adjusted EBITDA was SEK 118 (160) million and EBITDA was SEK 102 (140) million, representing a margin of 19 (26) percent and 16 (23) percent, respectively.

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



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



The new strategic direction implemented in 2019 for Kongregate, intended to devote greater development resources to a smaller number of existing games with the potential to deliver stronger

sales growth, continue to yield positive results and Kongregate posted double digit improvements in net sales and adjusted EBITDA improvements compared with last year. During the quarter, Kongregate released a new title, Idle Frontier, which demonstrated positive early results, and Bit Heroes IP, acquired in Q2 2019, continued to report robust developments and sequentially growing net sales.

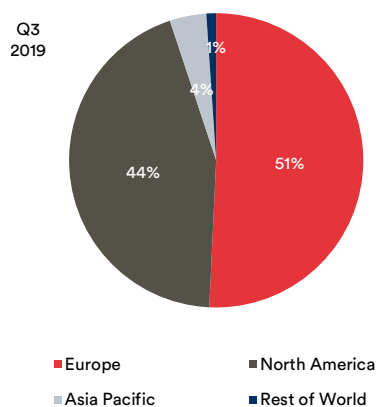
InnoGames sales and adjusted EBITDA declined compared with last year. This was partly driven by the performance of Forge of Empires, which had fewer and smaller in-game events, and partly due to higher marketing spend driven by improved assumption of customer lifetime value. As a result of higher marketing investments the key performance indicators for InnoGames (such as DAU and MAU) improved sequentially and normalized in the month of September. InnoGames' portfolio of classic games continues to perform well, while Elvenar reported a similar development as Forge of Empire. Work is ongoing with the newer mobile game Warlords' roadmap to improve its operational metrics.

EBITDA adjustments of SEK 16 million during the quarter comprised of M&A transaction costs as well as costs for long-term management incentive programs. There were no IAC or impairments of previously capitalized development costs.

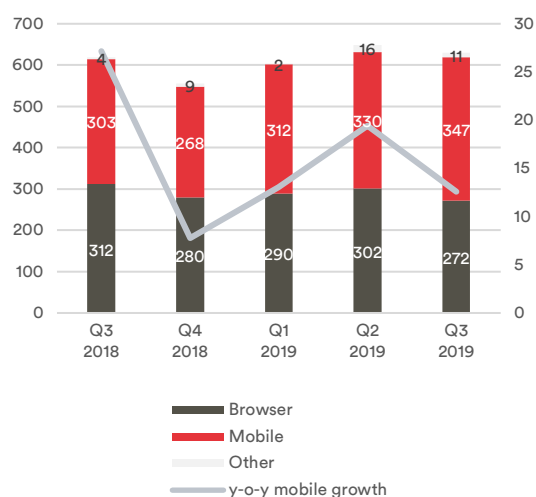
The depreciation and amortization charge in the quarter was higher compared to the corresponding period last year, mainly as a result of the Bit Heroes.

Capex of SEK 55 million was up compared with the corresponding period last year mainly driven by the second down payment for Bit Heroes IP at Kongregate.

Net sales per Territory
(% split)



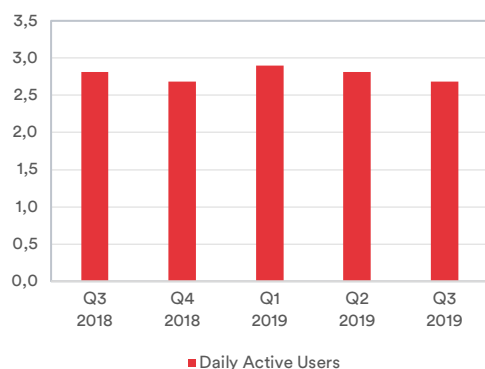
Net sales per Platform & y-o-y sales growth
(SEKm (left side); % (right side))



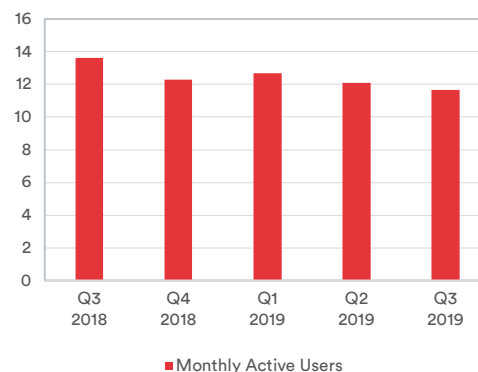
Mobile sales grew by 14 percent to SEK 347 million, representing 55 percent of total revenue in the gaming vertical, partly offset by a 13 percent decline in browser sales. InnoGames share of mobile sales increased across most games and more than 90 percent of Kongregate's total revenue is attributable to mobile platforms.

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

Daily Active Users (Millions)

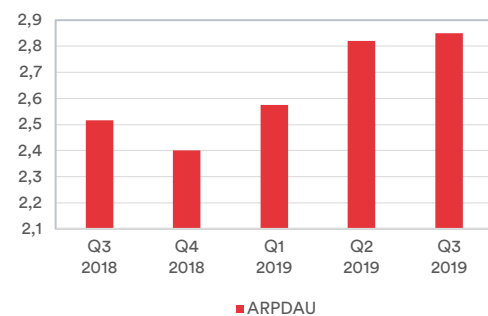


Monthly Active Users (Millions)

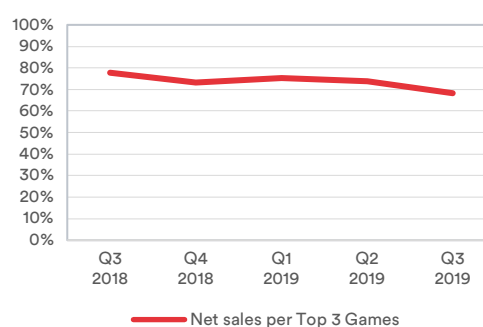


Daily Active Users (DAU) decreased by 5 percent to 2.7 million, compared with the previous quarter. The quarter-on-quarter decrease in Monthly Active Users (MAU) was 4 percent, mainly driven by the first impact from the removal of two third party games in Kongregate. Compared with the corresponding quarter last year, DAU declined by 5 percent and MAU declined by 14 percent, also 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 2.9, from SEK 2.8 in Q2 2019 and SEK 2.5 in Q3 2018, supported by positive exchange rates changes. ARPDau at constant currencies increased by 7 percent year-on-year, mainly driven by better in-game monetization as well as lower DAU in Kongregate.

The top three titles have remained unchanged throughout the year, Forge of Empires, Elvenar and Amination Throwdown. Net sales generated by these titles was lower in the quarter at 68 percent in the quarter compared with both preceding quarter and preceding year.

Other holdings

Other operations mainly comprised Zoomin which reported net sales of SEK 22 (38) million in the quarter and EBITDA of SEK -12 (-28) million. Year-to-date net sales was SEK 72 (129) and EBITDA SEK -46 (-186) million, where 2018 included a write down of assets in of SEK -164 million.

MTG has sold its total ownership of 100% in Zoomin to Azerion on October 28th. Zoomin will be reported as discontinued operations from Q4 2019.

Financial review

Cash flow from continuing operations*

Cash flow from operations before changes in working capital amounted to SEK -38 (251) million. Depreciation and amortization charges were SEK 81 (57) million, of which SEK 14 (-) million related to leasing depreciation according to IFRS 16 and SEK 32 (31) million related to amortization of PPA.

The Group reported a SEK 4 (-194) million change in working capital. Group cash flow from operations amounted to SEK -34 (57) million.

Investing activities

Group capital expenditure on tangible and intangible assets amounted to SEK 69 (445) million, mainly consisting of capitalized development costs for games and platforms that have not yet been released. Investment in the VC fund was SEK 5 (15) million during the quarter.

Total cash flow relating to investing activities amounted to SEK -70 (-546) million.

Financing activities

Cash flow from financing activities amounted to SEK 26 (261) million.

The net change in cash and cash equivalents for continuing operations amounted to SEK -77 (-230) million. The Group had cash and cash equivalents of SEK 2,020 (733) 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)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Net sales	5	6	15	30	36
Net interest and other financial items	2,242	41	2,333	133	177
Income before tax and appropriations	2,205	14	2,157	-48	-43

The parent company has merged with MTG Publishing AB during the quarter. A positive effect of SEK 2.3 billion in finance net derive from MTG Publishing AB and is a net capital gain from dividend from its subsidiary MTG Broadcasting AB less write-down of shares in the same subsidiary. Net interest for the quarter amounted to SEK-81 (50) million due to that the main part of the interest income came from an internal loan to MTG Publishing AB. Other financial items are exchange rate effects. The parent company had cash and cash equivalents of SEK 1,539 (22) million at the end of the period.

The total number of shares outstanding at the end of the period was 67,342,244 (67,660,866) 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

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 24.

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, October 29, 2019

Jørgen Madsen Lindemann
President & CEO

Auditors' Review Report

Introduction

We have reviewed the summary interim financial information (interim report) of Modern Times Group MTG AB (publ.) as of 30 September 2019 and the nine month period then ended. The Board of Directors and the President & CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 29 October 2019

KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Condensed consolidated income statement

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Continuing operations					
Net sales	1,066	1,027	3,151	2,962	4,024
Cost of goods and services	-576	-519	-1,691	-1,486	-1,965
Gross income	491	508	1,460	1,476	2,060
Selling expenses	-288	-234	-778	-704	-1,006
Administrative expenses	-319	-301	-892	-980	-1,320
Other operating income	11	22	21	34	57
Other operating expenses	8	-16	-9	-23	-33
Share of earnings in associated companies and joint ventures	0	0	-3	0	-1
Items affecting comparability	0	7	-58	-19	27
EBIT	-98	-13	-259	-217	-216
Net interest	-2	10	-6	28	33
Other financial items	10	42	-8	-4	25
Income before tax	-90	39	-274	-194	-158
Tax	-8	-82	-44	-82	-187
Net income for the period, continuing operations	-98	-43	-319	-275	-346
Discontinued operations					
International Entertainment	-26	50	1,433	137	194
Nordic Entertainment Group	-	185	13,646	821	1,311
Net income for the period, discontinued operations	-26	236	15,079	957	1,505
Total net income for the period	-123	192	14,761	682	1,160
Net income for the period, continuing operations attributable to:					
Equity holders of the parent	-117	-78	-411	-363	-451
Non-controlling interest	19	35	93	87	105
Net income for the period	-98	-43	-319	-275	-346
Total net income for the period attributable to:					
Equity holders of the parent	-140	156	14,668	588	1,044
Non-controlling interest	17	36	93	94	116
Total net income for the period	-123	192	14,761	682	1,160
Continuing operations					
Basic earnings per share (SEK)	-1.73	-1.16	-6.12	-5.43	-6.74
Diluted earnings per share (SEK)	-1.73	-1.15	-6.12	-5.38	-6.69
Total					
Basic earnings per share (SEK)	-2.08	2.33	218.08	8.80	15.62
Diluted earnings per share (SEK)	-2.08	2.31	218.08	8.72	15.50
Number of shares					
Shares outstanding at the end of the period	67,342,244	66,980,902	67,342,244	67,660,866	66,980,902
Basic average number of shares outstanding	67,342,244	66,927,524	67,257,534	66,792,706	66,854,133
Diluted average number of shares outstanding	67,342,244	67,410,579	67,257,534	67,360,333	67,362,405

Consolidated statement of comprehensive income

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Net income, continuing operations	-98	-43	-319	-275	-346
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Currency translation differences	299	-74	259	238	215
Total comprehensive income, continuing operations	202	-118	-59	-38	-130
Net income, discontinued operations	-26	236	15,079	957	1,505
<i>Other comprehensive income</i>					
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Currency translation differences	-182	-27	-42	162	111
Total comprehensive income, discontinued operations	-208	209	15,037	1,120	1,616
Total comprehensive income for the period	-6	91	14,978	1,082	1,486
Total comprehensive income attributable to:					
Equity holders of the parent	-46	75	14,827	919	1,303
Non-controlling interest	40	16	151	163	183
Total comprehensive income for the period	-6	91	14,978	1,082	1,486

Condensed consolidated balance sheet

(SEKm)	30 Sep 2019	30 Sep 2018	31 Dec 2018
Non-current assets			
Goodwill	4,079	6,212	6,159
Other intangible assets	1,660	2,783	2,746
Total intangible assets	5,739	8,995	8,904
Total tangible assets	142	273	270
Right of use assets	175	-	-
Shares and participations in associated and other companies	202	121	134
Interest-bearing financial receivables	0	16	6
Other financial receivables	268	375	376
Total non-current financial assets	471	512	516
Total non-current assets	6,527	9,780	9,690
Current assets			
Inventories	22	2,400	2,443
Other receivables	1,180	6,083	6,398
Cash, cash equivalents and short-term investments	2,019	733	862
Assets held for sale ¹⁾	-	840	931
Total current assets	3,221	10,057	10,634
Total assets	9,748	19,837	20,324
Equity			
Shareholders' equity	5,653	5,291	5,678
Non-controlling interest	1,429	1,552	1,320
Total equity	7,082	6,843	6,997
Non-current liabilities			
Borrowings	-	500	500
Lease liabilities	129	-	-
Other non-current interest-bearing liabilities	0	0	0
Total non-current interest-bearing liabilities	129	500	500
Provisions	628	1,188	1,058
Liabilities at fair value	400	417	405
Other non-interest-bearing liabilities	1	32	6
Total non-current non-interest-bearing liabilities	1,028	1,637	1,469
Total non-current liabilities	1,158	2,137	1,969
Current liabilities			
Liabilities at fair value	29	42	37
Borrowings	2	3,349	3,179
Lease liabilities	47	-	-
Other interest-bearing liabilities	-	0	0
Other non-interest-bearing liabilities	1,429	7,110	7,761
Liabilities related to assets held for sale ¹⁾	-	355	380
Total current liabilities	1,508	10,857	11,357
Total liabilities	2,666	12,993	13,326
Total shareholders' equity and liabilities	9,748	19,837	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)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Cash flow from operations	-38	251	-94	1,028	1,622
Changes in working capital	5	-194	-111	-661	-568
Net cash flow to/from operations	-33	57	-205	368	1,054
Proceeds from sales of shares	-	0	1,868	297	297
Acquisitions of subsidiaries and associates and other investments	-6	-154	-79	-235	-235
Investments in other non-current assets	-69	-445	-173	-668	-765
Other cash flow from/used in investing activities	5	52	0	-25	-76
Cash flow from/used in investing activities	-70	-546	1,615	-631	-779
Net change in borrowings	63	342	-3,677	623	452
Repayment borrowings and other capital restructuring items NENT	-	-	3,854	-	-
Dividends to shareholders	-	-	-	-834	-834
Dividends to minority owners	-	-	-	-	-257
Other cash flow from/used in financing activities	-38	-81	-43	3	32
Cash flow from/used in financing activities	26	261	135	-208	-608
Net change in cash, continuing operations	-77	-229	1,545	-472	-333
Net change in cash, discontinued operations	-	-1	-626	3	-8
Total net change in cash and cash equivalents	-77	-230	920	-469	-341
Cash and cash equivalents at the beginning of the period	2,084	1,026	862	1,394	1,394
Translation differences in cash and cash equivalents	13	5	24	42	30
Change in cash and cash equivalents in assets held for sale	-	-69	213	-234	-221
Cash and cash equivalents at end of the period	2,019	733	2,019	733	862

Condensed consolidated statement of changes in equity

(SEKm)	30 Sep 2019	30 Sep 2018	31 Dec 2018
Opening balance	6 997	6 572	6 572
Net income for the period	14 761	682	1 160
Other comprehensive income for the period	217	400	326
Total comprehensive income for the period	14 978	1 082	1 486
Effect of employee share programmes	15	27	30
Change in non-controlling interests	-42	1	1
Dividend Nordic Entertainment Group	-14 866	-	-
Dividends to shareholders	-	-834	-834
Dividends to non-controlling interests	-	-5	-257
Closing balance	7 082	6 843	6 997

Parent company condensed income statement

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Net sales	5	6	15	30	36
Gross income	5	6	15	30	36
Administrative expenses	-42	-32	-192	-211	-256
Operating income	-37	-26	-177	-181	-220
Net interest and other financial items	2,242	41	2,333	133	177
Income before tax and appropriations	2,205	14	2,157	-48	-43
Appropriations	-	-	-	-	538
Tax	21	-3	-	18	-24
Net income for the period	2,225	11	2,157	-31	471

Parent company condensed statement of comprehensive income

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Net income for the period	2,225	11	2,157	-31	471
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	2,225	11	2,157	-31	471

Parent company condensed balance sheet

(SEKm)	30 Sep 2019	30 Sep 2018	31 Dec 2018
Non-current assets			
Capitalized expenditure	0	1	0
Machinery and equipment	3	0	2
Shares and participations	5,850	6,025	8,025
Other financial receivables	0	9,636	12,077
Total non-current assets	5,852	15,662	20,104
Current assets			
Current receivables	61	299	4,673
Cash, cash equivalents and short-term investments	1,539	22	24
Total current assets	1,601	321	4,697
Total assets	7,453	15,983	24,801
Shareholders' equity			
Restricted equity	338	338	338
Non-restricted equity	5,128	4,496	5,003
Total equity	5,466	4,834	5,341
Untaxed reserves	256	90	239
Non-current liabilities			
Interest-bearing liabilities	-	500	500
Provisions	0	18	5
Non-interest-bearing liabilities	-	19	10
Total non-current liabilities	0	537	514
Current liabilities			
Other interest-bearing liabilities	1,658	10,314	18,410
Non-interest-bearing liabilities	73	208	296
Total current liabilities	1,731	10,522	18,706
Total shareholders' equity and liabilities	7,453	15,983	24,801

Net sales and EBIT by segment

(SEKm)	Esport		Gaming		Other		Central operations and eliminations		Total operations	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Net sales	415	370	629	618	22	38	-1	1	1,066	1,027
EBIT	-85	128	46	101	-16	-192	-42	-50	-98	-13

(SEKm)	Esport		Gaming		Other		Central operations and eliminations		Total operations	
	Nine months 2019	Nine months 2018	Nine months 2019	Nine months 2018	Nine months 2019	Nine months 2018	Nine months 2019	Nine months 2018	Nine months 2019	Nine months 2018
Net sales	1,196	1,071	1,881	1,740	72	129	3	21	3,151	2,962
EBIT	-259	-57	247	260	-61	-195	-187	-225	-259	-217

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-use 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 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 Q3 2019	IAS 17 Q3 2019	IAS 17 Q3 2018	IFRS 16 Nine months 2019	IAS 17 Nine months 2019	IAS 17 Nine months 2018
EBITDA	-17	-31	44	-32	-74	-49
EBIT	-98	-98	-13	-259	-261	-217
Financial net	8	9	52	-15	-12	23
Income before tax	-90	-89	39	-274	-273	-194
Total net income for the period	-123	-123	192	14,761	14,761	682

Excerpt from report on the balance sheet

(SEKm)	IFRS 16 Nine months 2019	IAS 17 Nine months 2019	IAS 17 Nine months 2018
Right of use assets	175	-	-
Other non-current assets	6,352	6,352	9,780
Current assets	3,221	3,221	10,057
Total assets	9,748	9,573	19,837
Total equity	7,082	7,083	6,843
Non-current lease liabilities	129	-	500
Other non-current liabilities	1,028	1,028	1,637
Total non-current liabilities	1,158	1,028	2,137
Current lease liabilities	47	-	-
Other current liabilities	1,461	1,461	10,857
Total current liabilities	1,508	1,461	10,857
Total equity and liabilities	9,748	9,573	19,837

Excerpt from report on the statement of cash flows

(SEKm)	IFRS 16 Q3 2019	IAS 17 Q3 2019	IAS 17 Q3 2018	IFRS 16 Nine months 2019	IAS 17 Nine months 2019	IAS 17 Nine months 2018
Cash flow from operations	-38	-51	251	-94	-133	1 028
Changes in working capital	5	5	-194	-111	-111	-661
Net cash flow from operations	-33	-46	57	-205	-244	368
Cash flow used in investing activities	-70	-70	-546	1 615	1 615	-631
Cash flow used in financing activities	26	38	261	135	175	-208
Net cash flow from continuing operations	-77	-79	-229	1 545	1 546	-472

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)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
EBIT	-98	-13	-259	-217	-216
Amortizations	55	43	148	127	170
Depreciation	26	14	79	41	57
EBITDA	-17	44	-32	-49	12
Items affecting comparability	0	-7	58	19	-27
Impairment own capitalized costs	-	9	-	9	13
Long-term incentive programs	17	-20	65	9	13
M&A transaction costs	19	-	23	21	34
Adjusted EBITDA	19	27	114	9	45

IAC in Q3 2018 are capital gain related to options to acquire shares of SEK 171 million and write down of assets in Zoomin of SEK -164 million.

Sales growth by segment

	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018
Esport				
<i>Organic growth</i>	7.3%	-1.3%	6.5%	21.1%
<i>Acquisition/divestments</i>	-	-	-	-
<i>Changes in FX rates</i>	5.1%	7.0%	5.1%	4.1%
<i>Reported growth (%)</i>	12.4%	5.7%	11.6%	25.2%
Gaming				
<i>Organic growth</i>	-1.9%	29.4%	3.4%	23.0%
<i>Acquisition/divestments</i>	-	25.8%	-	152.0%
<i>Changes in FX rates</i>	3.6%	14.5%	4.7%	14.8%
<i>Reported growth (%)</i>	1.8%	69.7%	8.1%	189.9%
Other				
<i>Organic growth</i>	-43.0%	-21.7%	-46.2%	-7.7%
<i>Acquisition/divestments</i>	-	-	-	-
<i>Changes in FX rates</i>	1.6%	5.2%	1.7%	4.1%
<i>Reported growth (%)</i>	-41.4%	-16.5%	-44.5%	-3.6%
Total operations				
<i>Organic growth</i>	-0.2%	11.0%	1.7%	18.6%
<i>Acquisition/divestments</i>	-	12.2%	-	56.4%
<i>Changes in FX rates</i>	4.1%	10.4%	4.7%	8.0%
<i>Reported growth (%)</i>	3.8%	33.6%	6.4%	82.9%

Discontinued operations

Net income - Discontinued operations

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
International entertainment	-	50	27	137	194
Nordic Entertainment Group	-	185	167	821	1,311
Capital Gain / Loss	-26	-	14,885	-	-
Net income - Discontinued operations	-26	236	15,079	957	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 Sep 2019	30 Sep 2018	31 Dec 2018
Non-current assets	-	3,796	3,704
Current assets	-	8,281	8,498
Total assets	-	12,076	12,202
Equity	-	5,473	597
Non-current liabilities	-	601	495
Current liabilities	-	6,001	11,110
Total liabilities	-	12,076	12,202

Income Statement

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Net sales	-	3 439	3 727	10 609	14 568
Cost of goods and services	-	-2 374	-2 614	-7 170	-9 805
Gross income	-	1 064	1 113	3 439	4 763
Selling and administrative expenses	-	-768	-866	-2 421	-3 244
Other operating income and expenses	-	3	27	16	24
Items affecting comparability	-	3	-56	-45	-40
EBIT	-	303	218	989	1 504
Net interest	-	-11	-5	-32	-37
Other financial items	-	27	7	27	-15
Income before tax	-	319	220	983	1 452
Tax	-	-49	-54	-168	-160
Net income for the year	-	270	166	815	1 292

Cash Flows

(SEKm)	Q3 2019	Q3 2018	Nine months 2019	Nine months 2018	Full year 2018
Cash flows from:					
Operating activities	-	117	-157	386	1 116
Investing activities	-	-388	-33	-541	-567
Financing activities	-	306	466	213	-209
Net cash flow for the period	-	34	276	58	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 1 405 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.

ARPAU

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

2020 Annual General Meeting

The 2020 Annual General Meeting will be held on Wednesday 20 May 2020 in Stockholm, Sweden. Shareholders wishing to have matters considered at the meeting should submit their proposals in writing to agm@mtg.com or to the Company Secretary, Modern Times Group MTG AB, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the meeting in order for such proposals to be included in the notices of the meeting. Further details of when and how to register will be published in advance of the meeting.

In accordance with the resolution of the 2019 Annual General Meeting of MTG shareholders, a Nomination Committee has been convened to prepare proposals for the 2020 Annual General Meeting. The Nomination Committee comprises Joachim Spetz, appointed by Swedbank Robur Fonder, Erik Durhan, appointed by Nordea Fonder; David Marcus, appointed by Evermore Global Advisors, LLC and David Chance, the Chairman of the Board. The members of the Nomination Committee appointed Joachim Spetz as the Committee Chairman at their first meeting.

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

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

Financial calendar

Q4 and full-year announcement 6 February 2020

Questions?

communications@mtg.com (or Lars Torstensson, EVP Communications & IR; +46 702 73 48 79)

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Conference call

The company will host a conference call today at 10:30 CEST. To participate in the conference call, please dial:

Sweden:	+46 850 692 180
UK:	+44 844 571 8892
US:	+1 631 510 7495

The access pin code for the call is 578 72 07.

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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MTG (Modern Times Group MTG AB (publ.)) is a strategic operational and investment holding company in esports and gaming entertainment. Born in Sweden, our shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB'). This information is information that MTG (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 person set out above, at 07:30 CET on 29 October 2019.