



# Q2 2021 financial results

July 20, 2021



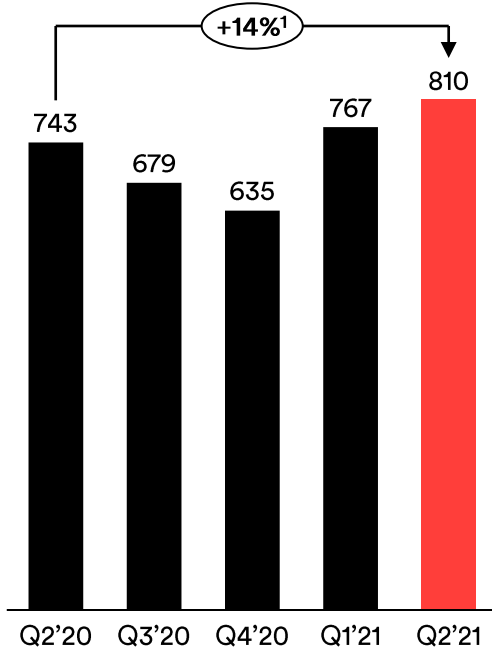
# Highlights of the quarter



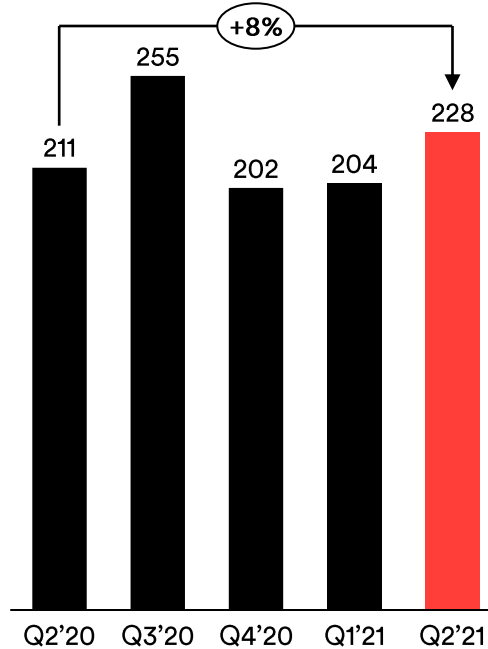
- Gaming vertical - solid quarter on the back of good monetization and inclusion of Ninja Kiwi
- Esports vertical - returned to positive revenue growth with robust performance for both O&O<sup>1</sup> and ESS<sup>2</sup>
- MTG continued to deliver on its Buy & Build strategy in the gaming vertical and announced the acquisition of PlaySimple
- Pro forma sales for the gaming vertical amounted to SEK 1,169m up 8% compared to last year
- Continued strategic investments in esports products and the B2C platform with focus on diversifying and growing the offering

# Gaming: Consolidation of Hutch and Ninja Kiwi driving double digit sales growth

Gaming net sales, reported (SEKm)



Gaming adj. EBITDA, reported (SEKm)



Comments

- Revenues increased by 14% at constant currencies fueled by the inclusion of Hutch and Ninja Kiwi
- Organic sales decreased due to tough comparisons but was up on a two-year basis
- Hutch's F1 Clash saw strong customer intake and revenue development on the back of the FIA Formula One World Championship 2021 season start
- Ninja Kiwi's Bloons TD6 maintained high engagement with lower seasonality than normal
- InnoGames' core titles continued to deliver solid performance

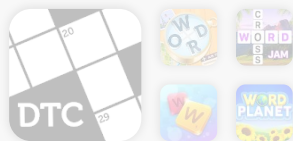
1) Net sales growth excluding currency effects of -5%. Net sales increased by 9%

# Building a scale player

Well diversified group with successful titles across midcore and casual gaming



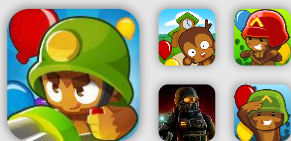
- High quality free-to-play mobile word games developer
- One of India's fastest-growing mobile gaming companies
- Powered by a best-in-class tech and analytics infrastructure



- Idle casual games developer specialized within games dev. on the back of strong licensed IPs
- Partnerships with some of the biggest names such as Disney and Nickelodeon



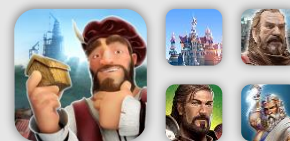
- Genre-defining tower defense games developer on the back of the evergreen IP Bloons
- 100% organic game community with over 500 million views on YouTube



- World-class IP licenses with some of the biggest names in the business including Formula 1, Mattel, BMW and Mercedes
- 3 of 20 top grossing mobile racing games<sup>1</sup>



- Focused on free-to-play strategy- and city builder games with market leading LiveOps and UA
- Landmark title Forge of Empires has reached EUR 800m in lifetime revenue



Casual

MTG

Midcore

**6.1m (4.3m)**  
DAU<sup>2</sup>

**31m (25m)**  
MAU<sup>2</sup>

**SEK 2.3 (2.7)**  
ARPDau<sup>2</sup>

**71% (61%)**  
Mobile Revenue<sup>2</sup>



# Strong retention and Reg2Pay results for soft-launched titles

## Rise of Cultures



City Builder game inspired by Forge of Empires  
Build multiple cities, discover new civilizations that form your global empire, and lead them through the ages of mankind by trading, war and diplomacy

Strong retention. Focus on improving long-term monetization in upcoming updates

**Full commercial launch planned in Q3**

## Lost Survivors



Resource Management game  
Build your camp on a tropical island, rescue other survivors, gather resources

On track with strong retention and Reg2Pay results

**Full commercial launch planned in Q4**

## Additional games in soft-launch



Bloons Pop  
Ninja Kiwi



Puzzle Heist  
Hutch

## New games pipeline<sup>1</sup>



Sunrise Village  
InnoGames



SpongeBob Idle Adventures  
Kongregate



Word Bingo  
PlaySimple



Classic Solitaire  
PlaySimple



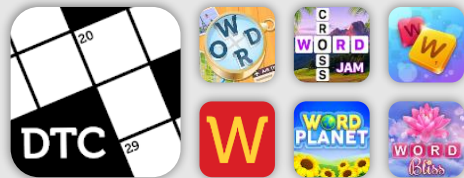
Destination Solitaire  
PlaySimple

1) New games in no particular order

# Aquisition of PlaySimple



- High quality free-to-play mobile word games developer
- One of India's fastest-growing mobile gaming companies
- Powered by a best-in-class tech and analytics infrastructure



- Leader in the word games genre with data-driven operating model driving retention and monetization
- Q2 and H1 revenue amounted to SEK 285m and 535m (guided 510-540m) equaling a growth of 100% and 87% respectively
- Q2 and H1 adj EBITDA amounted to SEK 94m and 159m (guided 145-155m) equaling a growth of 161% and 153% respectively
- Upfront consideration of SEK 3,090m<sup>1</sup> and performance based earn-out over 3.5 years estimated to approximately SEK 1,287m<sup>1</sup>

1) SEK/USD exchange rate of 8.582 applied

# Highly profitable well diversified gaming vertical

## MTG Gaming financial summary<sup>1</sup>

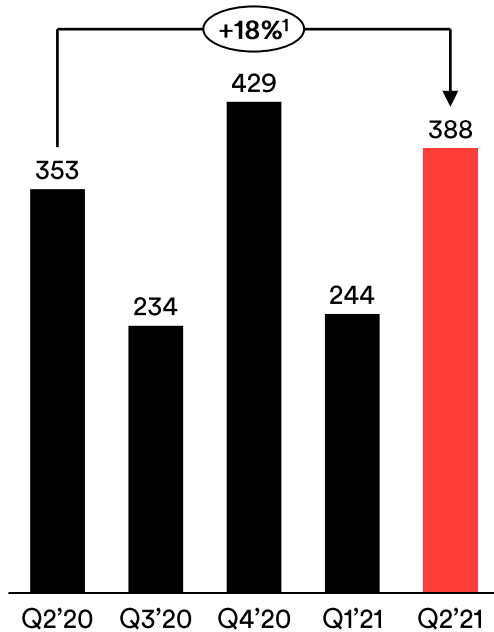
Financials, SEKm	Reported 2020	Pro forma 2020	Reported Q2'21	Pro forma Q2'21
Companies included	InnoGames Kongregate	InnoGames Kongregate Hutch Ninja Kiwi PlaySimple	InnoGames Kongregate Hutch Ninja Kiwi <sup>2</sup>	InnoGames Kongregate Hutch Ninja Kiwi PlaySimple
Net sales	2,682	4,421	810	1,169
Adjusted EBITDA	800	1,293	228	367
Adj. EBITDA margin, %	30%	29%	28%	31%
Organic Net sales Growth, %	-4%	-	-14%	8%

## Comments

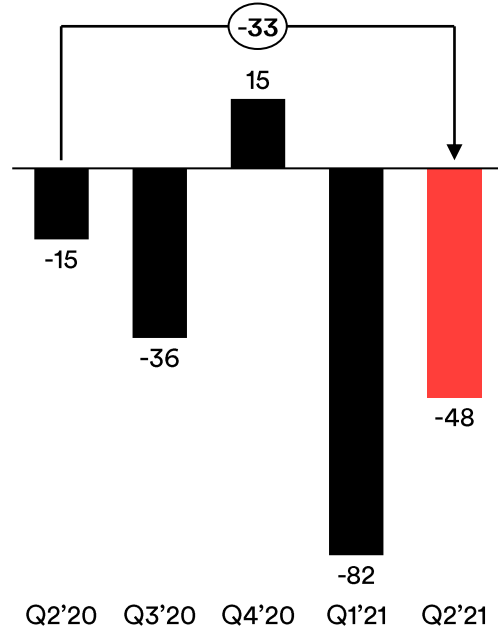
- H1 pro forma revenue growth of 13% with a more balanced revenue profile
- On a pro forma basis MTG Gaming is showing an accelerating growth profile with margin expansion
- Building a scale player with stronger Group capabilities, well positioned to leverage operational synergies

# Esports: Impacted by the ongoing pandemic and maintained strategic investments

**Esports net sales, reported (SEKm)**



**Esports adj. EBITDA, reported (SEKm)**



**Comments**

- Revenues increased 18% at constant currencies on the back of successful ESS<sup>2</sup> operations and easier comparisons
- Maintained strategic investments to better position the esports offering
- ESL Gaming delivered and produced six Master properties as digital-only events
- Organic growth in ESS<sup>2</sup> amounted to 36% on the back of larger productions and DreamHack Sports Games investments

1) Net sales growth excluding currency effects of -8%. Net sales increased by 10%; 2) Esports Services



# Esports – emerging stronger than ever

## Accelerated investments into three strategic areas



B2C and mobile esports products



Digitalization of traditional sports into esports products



Preparation for expansion into new geographies and markets

## New and renewed brand partnerships



**Intel**, prolongation of brand partnership in biggest brand partnership deal in esports history



**DHL**, multiyear extension of successful partnership with the new agreement expanding DHL's involvement in esports



**Monster Energy**, New global partner to ESL Gaming and first ever global partner to the CS:GO Hub



**Coinbase**, In partnership with ESL to become the official crypto exchange partner for key ESL events



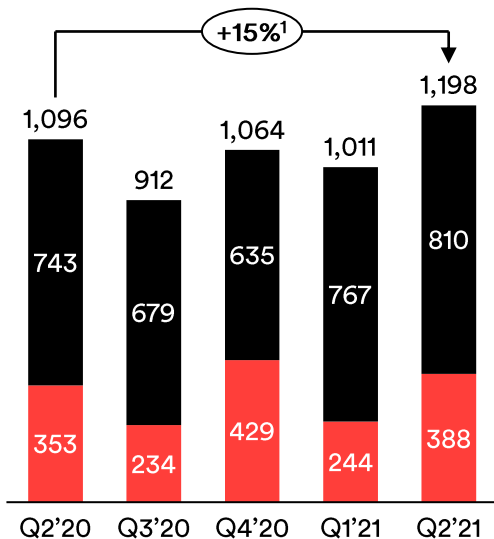
**Shopify**, Key sponsor of the ESL Pro Tour StarCraft® II including IEM Katowice 2022

## We plan for the return of a few live audience events at the end of 2021



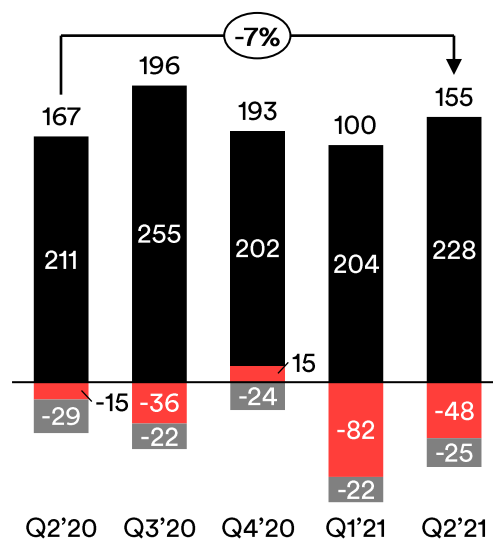
# Group: Quarterly revenue and adjusted EBITDA

Group net sales, reported (SEKm)



■ Gaming ■ Esports

Group adj. EBITDA, reported (SEKm)



■ Gaming ■ Esports ■ Central ops.

Comments

- Revenue growth of 15% at constant currencies on the back of the inclusion of Ninja Kiwi and Hutch, and larger ESS<sup>2</sup> productions
- Adjusted EBITDA decreased as higher profits in the gaming vertical was more than offset by strategic investments in the esports vertical
- EBITDA adjustments of SEK 41m comprised of long-term incentive programs of SEK 25m and M&A transaction costs of SEK 16m

1) Net sales growth excluding currency effects of -6%. Net sales increased by 9%; 2) Esports Services

# Group: Cashflow statement

## Group cash flow statement (SEKm)

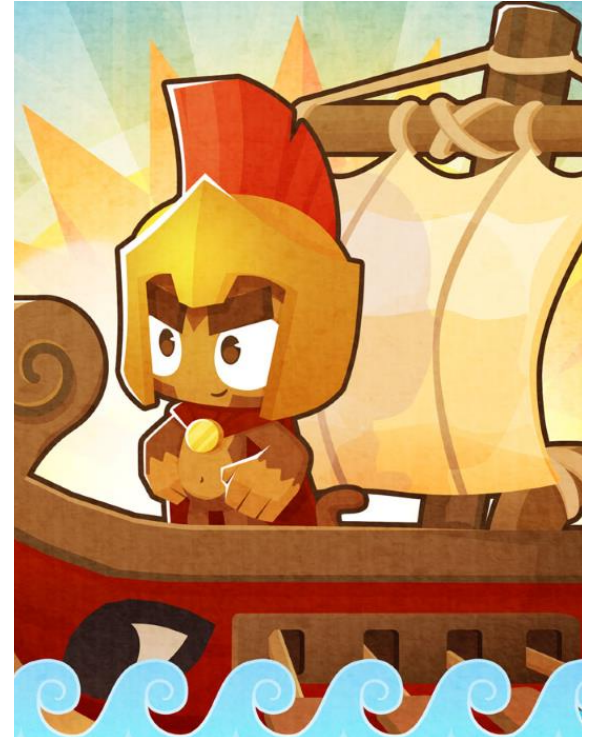
	Q2 2021	Q2 2020	FY 2020
Cash flow from operations	-3	164	242
Changes in working capital	-9	-43	28
<b>Net cash flow to/from operations</b>	<b>-12</b>	<b>121</b>	<b>270</b>
Cash flow from/used in investing activities	-624	-81	-2,471
Cash flow from/used in financing activities	128	-202	1,558
<b>Total net change in cash and cash equivalents</b>	<b>-508</b>	<b>-162</b>	<b>-644</b>
Cash and cash equivalents at the beginning of the period	1,750	1,806	1,824
Translation differences in cash and cash equivalents	-12	-73	-28
<b>Cash and cash equivalents at the end of the period</b>	<b>1,229</b>	<b>1,571</b>	<b>1,153</b>

## Comments

- Cash flow from operations were affected by Management Incentive Program payments of SEK 85m
- Cash flow in investing activities contain the net cash payment of the acquisition of Ninja Kiwi of SEK 507m and a final payment of Hutch of SEK 30m
- Cash flow from financing activities mainly consists of a capital injection from the minority owners of the gaming vertical of SEK 154m

# Summary of Q2 and 2021 outlook

- Net sales growth of 15% at constant currencies to SEK 1,198m with an adjusted EBITDA of SEK 155m
- Successful expansion of MTG's gaming vertical bringing stronger Group capabilities and pro forma revenue growth of 13% to SEK 2,328m for H1 with an adj EBITDA margin of 31%
- Strong new games pipeline across the gaming vertical
- Continue to build on our leading position within esports in anticipation of a normalized 2022 with accelerated investments to leverage growth opportunities





# Q&A

July 20, 2021

