



February 9, 2023

**Q4 2022**

**Maria Redin, CEO**  
**Lasse Pilgaard, CFO**



## We delivered within FY guidance on sales, with slightly higher FY margins

Continued **low market visibility** and challenging environment. Overall, IAP market expected to have declined by high single digits

We **expect to have outperformed the market** both in Q4 and for the full year

**Full year sales within outlook** with slight outperformance on margin due to lower than anticipated marketing investments in the quarter

Pro forma organic **sales up 5% YoY** to SEK 5,537 in 2022. Organic sales down 4% YoY in Q4. Adjusted EBITDA **margin of 25% in 2022 and 22% in Q4**

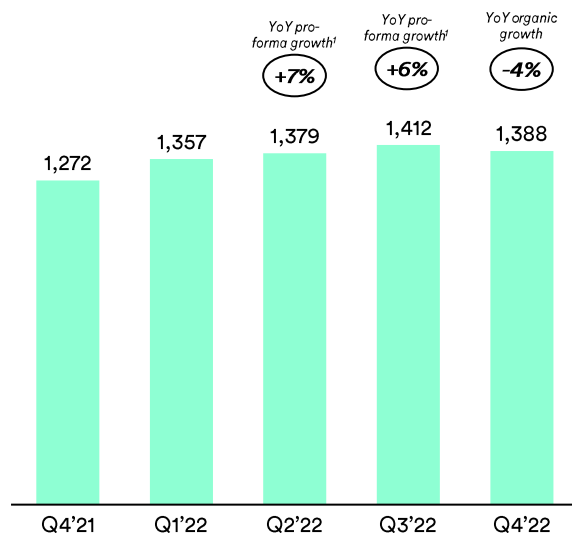
Growth driven by PlaySimple, Ninja Kiwi and Hutch, offset by YoY decline in InnoGames and Kongregate



## 5% pro forma growth in 2022 – YoY decline in Q4

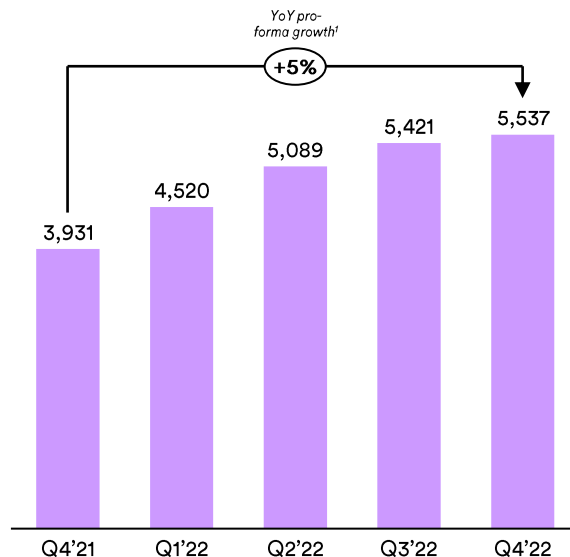
### Reported revenue, SEKm

With all acquisitions being consolidated, reported net revenues are up 9% year on year



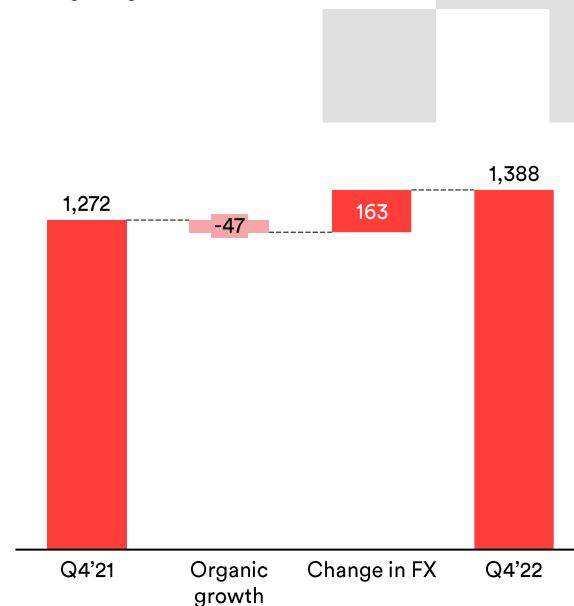
### Reported revenue, SEKm LTM

Growth driven by PlaySimple, Ninja Kiwi and Hutch



### Revenue bridge, SEKm

Organic growth of -4%

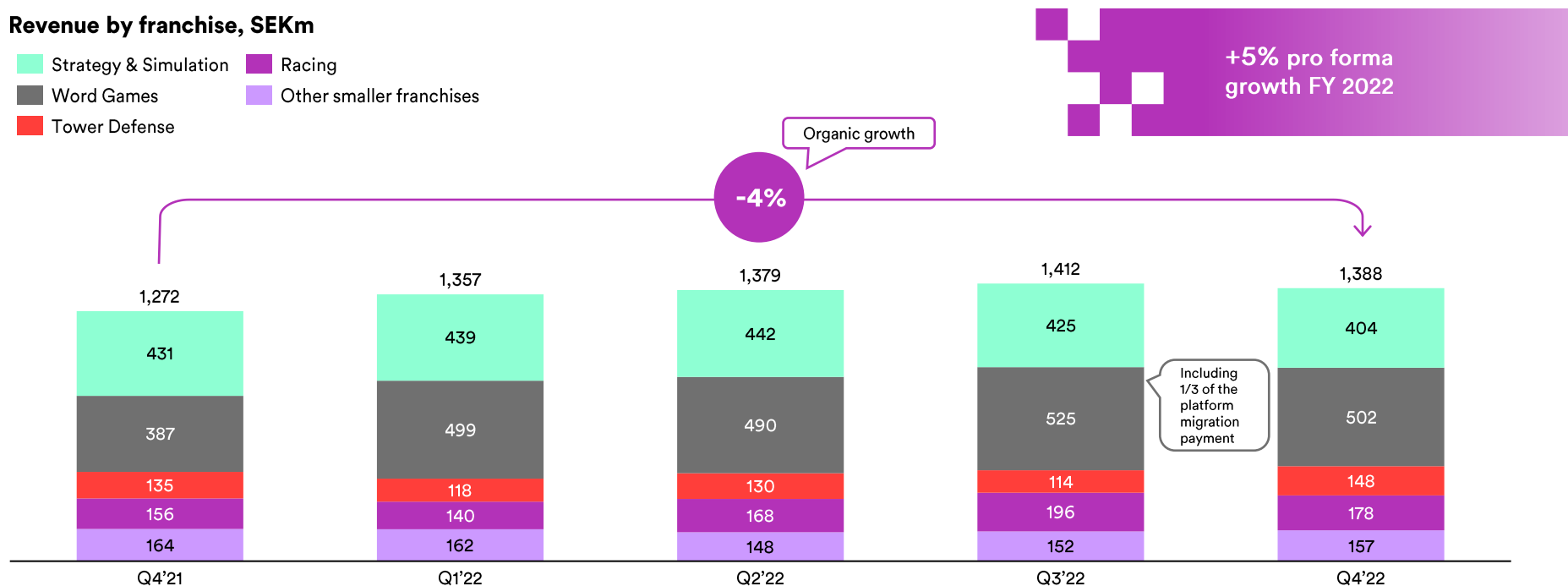


<sup>1</sup>) Growth rates calculated at constant FX. Unaudited pro forma figures. Pro forma as if all acquisitions have always been a part of the MTG Group.

# Tower Defense, Racing and Word Games performing well

## Revenue by franchise, SEKm

- Strategy & Simulation
- Word Games
- Tower Defense
- Racing
- Other smaller franchises



# Consciously scaling early launch games slower and working towards new games launches in 2023 and beyond

## Pre-launch



Future launch of Bloons TD6 on Netflix (Ninja Kiwi)



Browser version of Sunrise Village, targeting launch in H2 2023 (InnoGames)



Bit Heroes Runner mobile launch (Kongregate)



Two major titles from Hutch based on international licensed brands



Big title from Kongregate based on international licensed brand



Ninja Kiwi working on next big title, targeting a 2024 launch

## Early launch / Scaling



Rise of Cultures



Sunrise Village



Lost Survivors

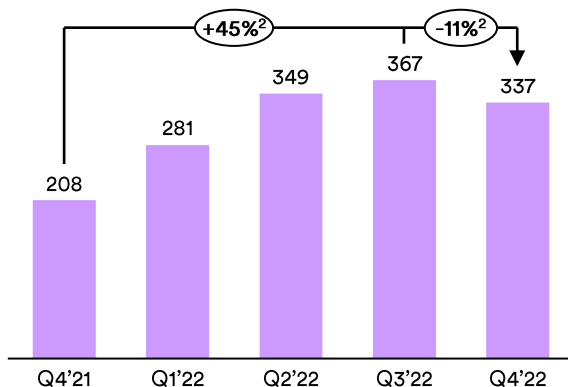


Bloons TD Battles 2



Crossword Explorer

New games 12m revenue run-rate<sup>1</sup>, SEKm



## Live games

- Exciting new content for F1 Clash including even more features and rewards, and Top Drives including new car collections
- Word Trip and Crossword Jam peaked at #1 on the Word Game charts on Google Play USA at different points in December. PlaySimple invested 8% of total UA spend in scaling new titles, compared to 4% at the start of 2022
- Soft launch of Rise of Cultures browser and several in-game events and feature updates in Forge of Empires, Rise of Cultures, Sunrise Village and Elvenar
- Large update including new map, new hero skin and holiday events for Bloons TD6 in December
- Expansion of the Bitverse with the release of Bit Heroes Arena and Bit Heroes Runner

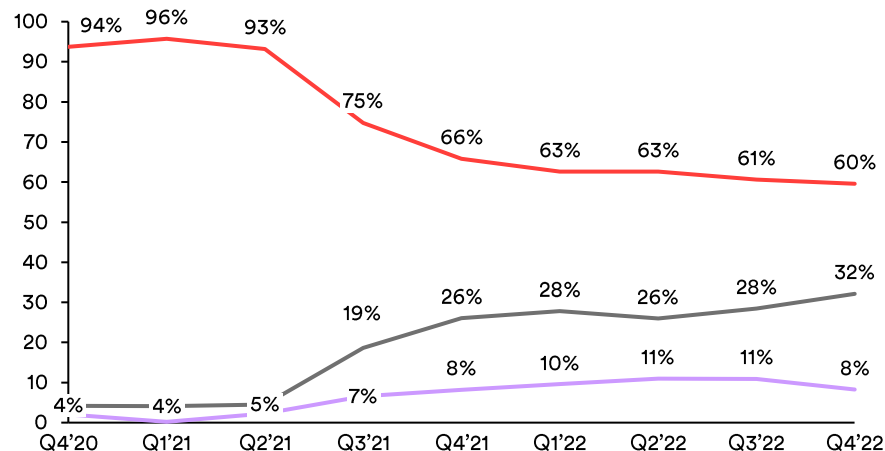
1) Calculated as quarterly revenue times 4

2) In constant FX

# Word Games, Racing and Tower Defense growth offset by lower-than-expected performance from strategy and simulation

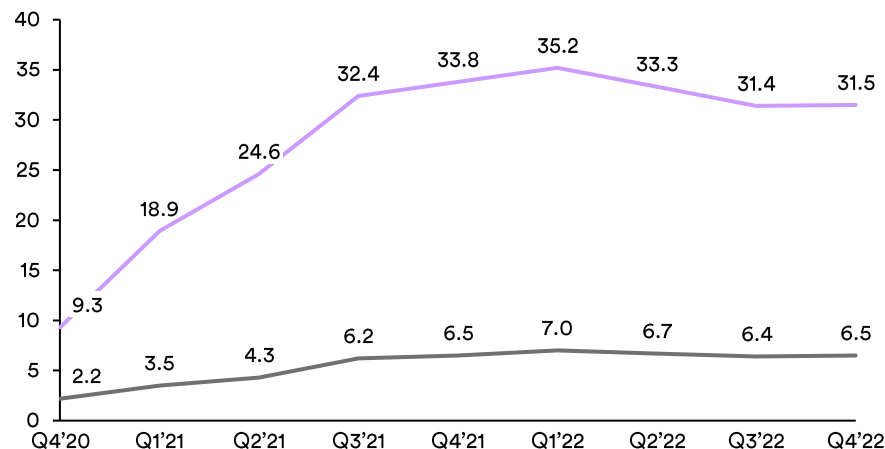
## Revenue streams

— IAP — Third party publication platforms (Other)  
— IAA



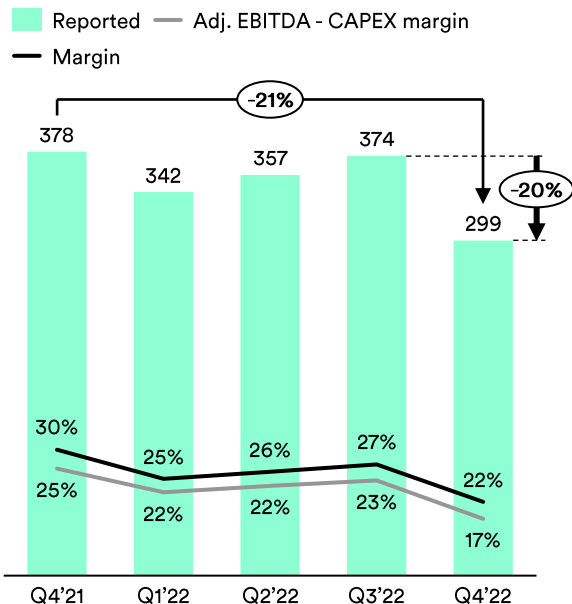
## User development, millions

— MAU — DAU

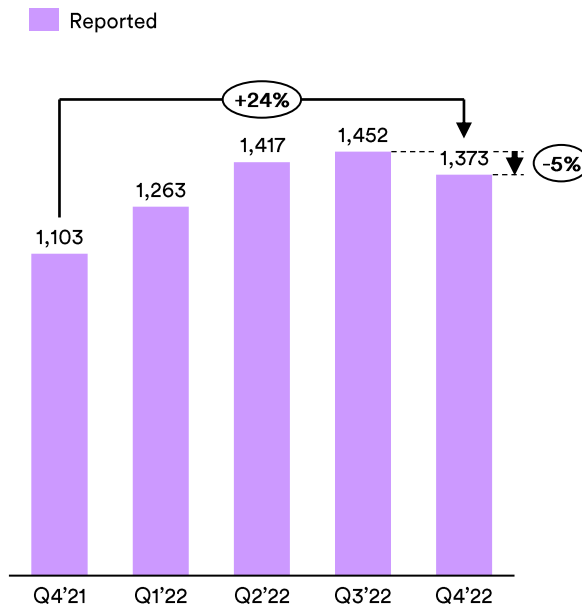


# Adj. EBITDA margin of 22% for the quarter and 25% for the full year

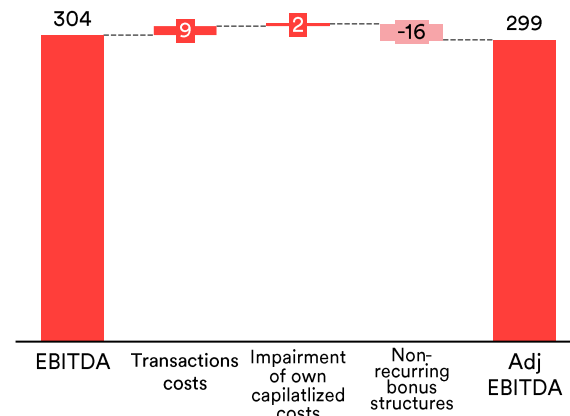
## Reported adj EBITDA, SEKm



## Reported adj EBITDA, SEKm LTM



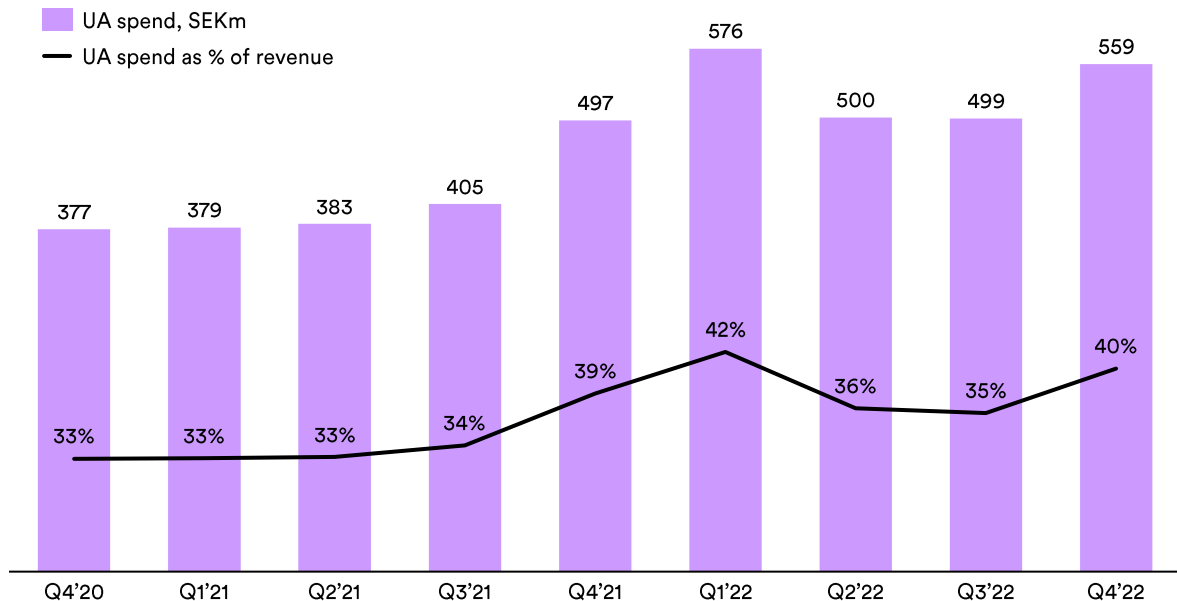
## EBITDA to adj EBITDA bridge, SEKm



Company presentation | Modern Times Group MTG AB

## UA spend up sequentially in Q4 to 40% of revenue

### UA spend development



### Comments

- Marketing as % of revenues up to 40% sequentially but still lower than anticipated
  - Challenging markets dampen seasonal uptick between Q3 and Q4
  - Marketing in the mid-core market segment, which includes Strategy and Simulation has been challenging as players seem to prefer casual games in the current environment
- Focus on strict approach to UA spend with clearly defined threshold levels of ROAS to ensure profitable investment



# Cash conversion at 47% for full year. Q4 at 27% and impacted by negative one-off NWC

## Group cash flow statement, SEKm

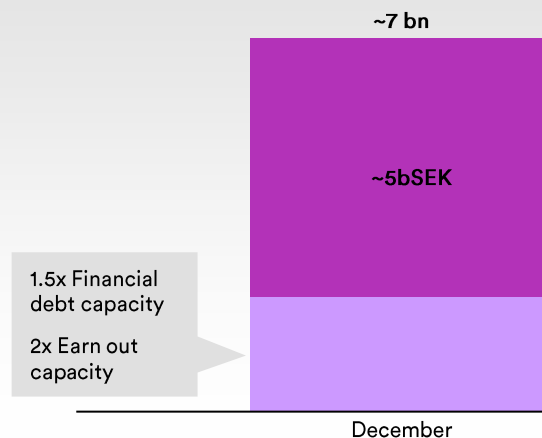
	Q4 2022	FY 2022
Cash flow from operations <sup>1</sup>	332	1,464
Taxes paid	-105	-408
Changes in working capital	-86	-171
Capex	-60	-234
<b>Free cash flow</b>	<b>81</b>	<b>651</b>
 <b>Adj. EBITDA</b>	 <b>299</b>	 <b>1,373</b>
<b>Cash conversion rate<sup>2</sup></b>	<b>27%</b>	<b>47%</b>
 Earnout payment	 0	 -317
<b>Free cash flow after earnout payment</b>	<b>81</b>	<b>334</b>

1) Excluding realised FX effects

2) Slightly lower than expected cash conversion rates reflect a one-off change in payment timings in one of our studios

## Balance sheet, SEKb

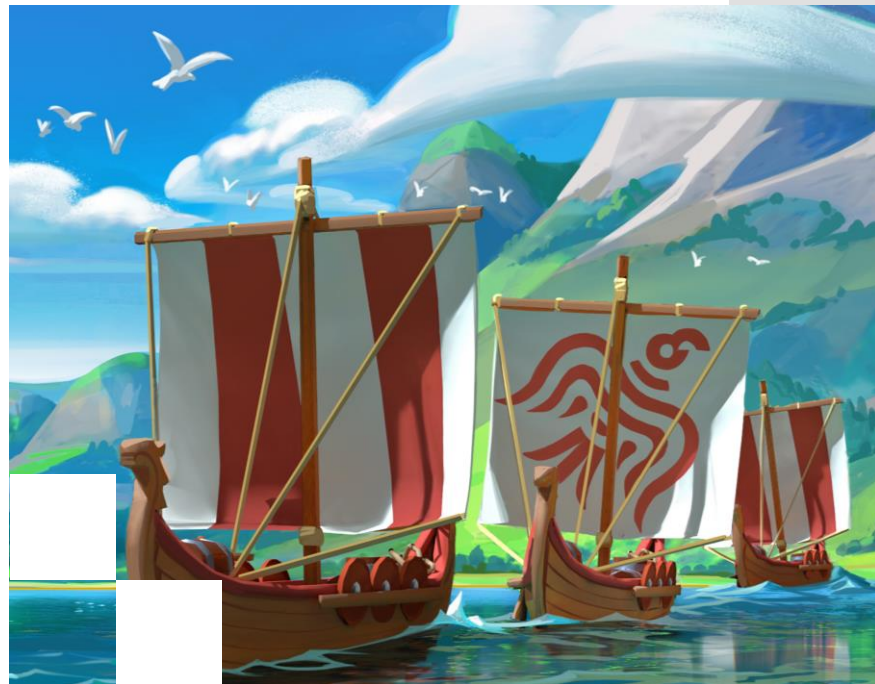
- Cash Position
- Debt capacity (3.5x Adj EBITDA)



# We delivered on our 2022 outlook and expect to provide new outlook after Q1

## MTG delivers within 2022 outlook

- We delivered on sales outlook and outperformed slightly on margin
- We took market share both in Q4 and for the full year
- **Too early to provide 2023 outlook:**
  - Limited market visibility in challenging conditions
  - Still limited amount on data on overall gaming market outlook for the year
- **Long-term outlook remains unchanged**
  - Structurally sound industry dynamics supported by healthy demographics
  - Well-positioned growth portfolio with games across multiple life cycles and healthy future pipeline
  - Strong balance sheet supports future M&A when opportunities arise





Q&A