



July 20, 2023

**Q2 2023**

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

F1 Clash



## Positive business momentum drives strong sequential growth and healthy margins in Q2

Reported revenues up 6% YoY and organic revenues down 2% to SEKm 1,458 YoY but **up 9% sequentially from Q1** with 4/5 studios growing from Q1

**Word games**, with standout performer Word Search, continue to deliver **strong performance** in Q2 and Bloons TD6 performs well following major update and Steam sale. **BTD 6** also **launched on Netflix** with positive early metrics.

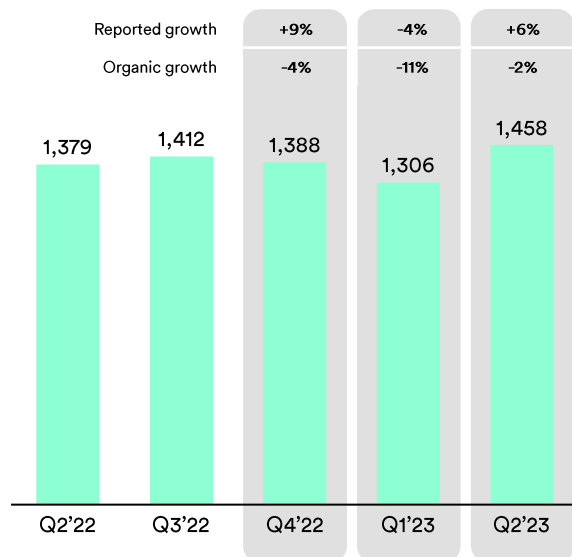
Continued positive momentum for the **Strategy & Simulation** franchise. Revenues **up 10% sequentially at constant currencies** and **up YoY in June**

**Adj. EBITDA of SEKm 397** with an **adj. EBITDA margin of 27%** and **cash conversion of 53%** in Q2



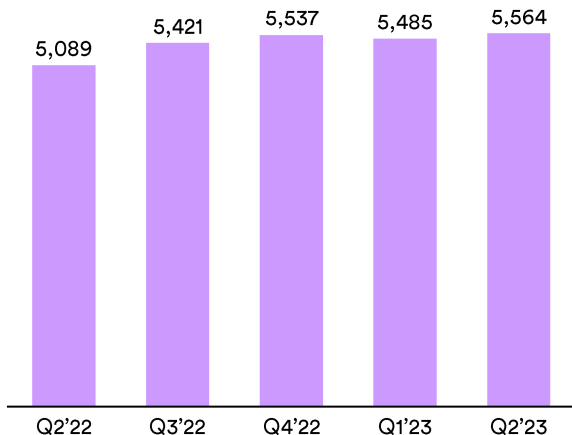
# Reported revenues up 6% and organic revenues down 2% YoY but up if adjusting for the PlaySimple platform incentive bonus in 2022

Reported revenue, SEKm



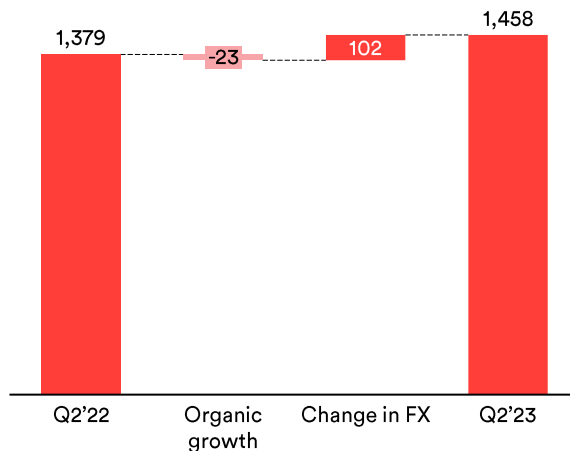
Reported revenue, SEKm LTM

Sequentially revenue growth in four out of five studios



Revenue bridge, SEKm

Organic growth of -2%

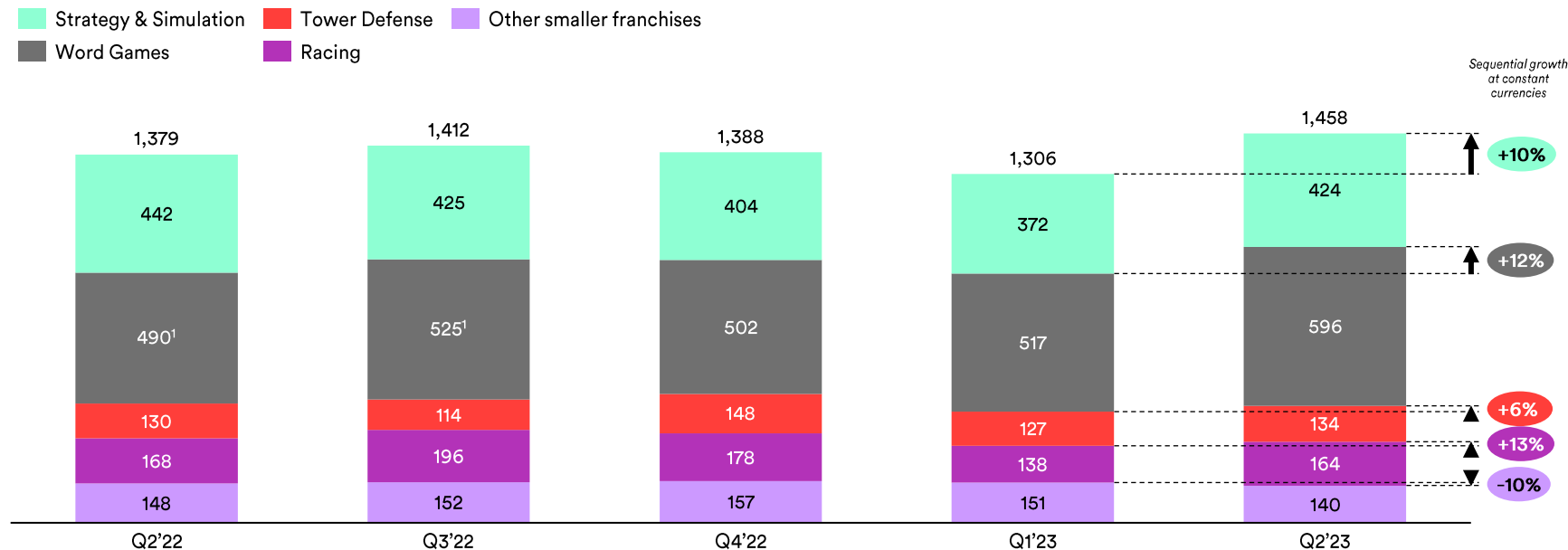


1) Growth rates calculated at constant FX. Unaudited pro forma figures. Pro forma as if all acquisitions have always been a part of the MTG

Company presentation | Modern Times Group MTG AB

# Four out of five franchises show strong sequential performance with Word Games proving its position as our strongest franchise

## Revenue by franchise, SEKm



1) Revenues from the Word Games franchise for Q2 and Q3 in 2022 boosted by the platform migration payment received by PlaySimple

# Ongoing scaling of new Word Games, successful launch of Bloons TD 6 on Netflix and exiting pipeline of new titles for 2023 and beyond

## Pre-launch



Major update planned in Q3 for Top Drives (Hutch)



New season take-over in Animation Throwdown (Kongregate)



Hutch signed partnership with Turn 10 (Forza studio) to develop new car customization game + working on 2<sup>nd</sup> new title



Kongregate working on new game based on major global IP



Ninja Kiwi working on 3 new games, targeting launches in 2024 and 2025

## Early launch/Scaling



Rise of Cultures



Sunrise Village



Bloons TD Battles 2

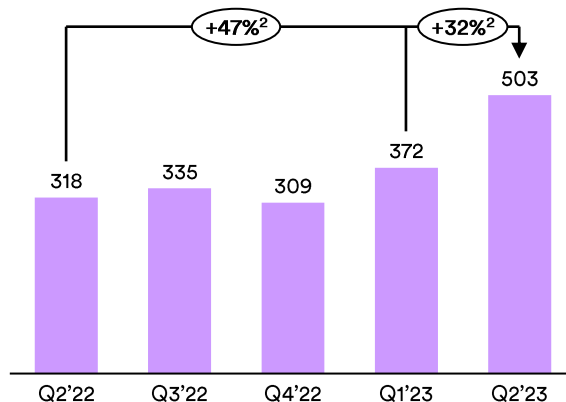


Crossword Explorer



Word Search

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



## Live games

- Word Search and Crossword Explorer continue to scale successfully & established word games portfolio delivering strong results
- Bloons TD6 successfully launched on Netflix; Release of Update 37 including the Wizard Paragon in June
- New season of F1 Cash launched but did not deliver immediate uplift. Team is evaluating long term performance of the update + have adjusted economy to drive revenues
- Three highly successful events in Forge of Empires. Team is focused on monetization of existing players but intake of new players still challenging
- Kongregate's Bit Heroes Runner has been released worldwide including mobile on July 17th

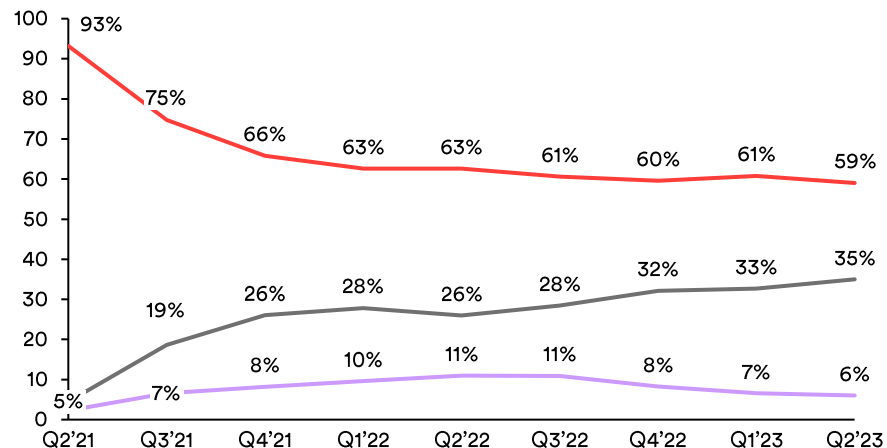
1) Calculated as quarterly revenue times 4

2) In constant FX

# Sequential improvements in active users driven by Bloons TD 6 launch on Netflix, F1 Clash season reset and Word Search growth

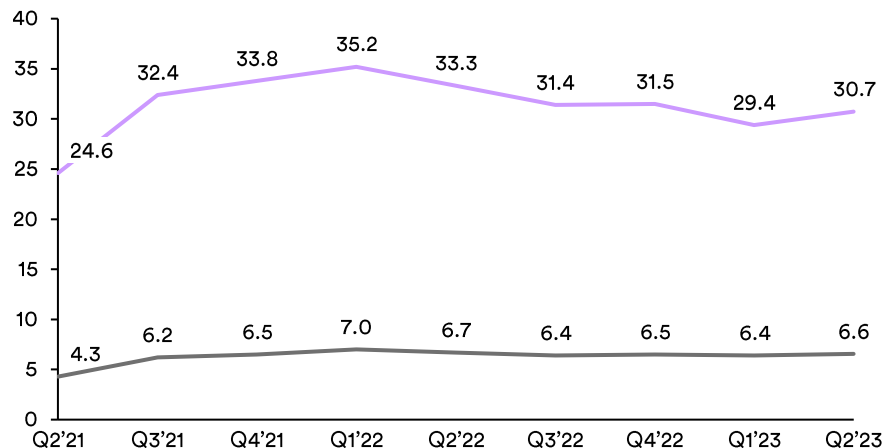
## Revenue streams

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



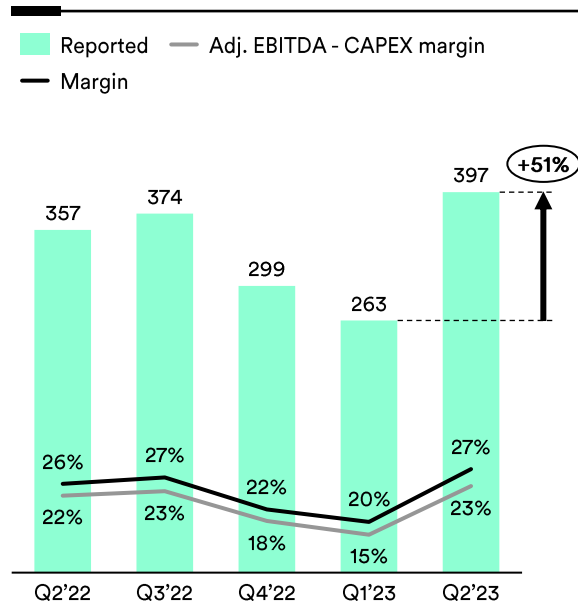
## User development, millions

— MAU — DAU

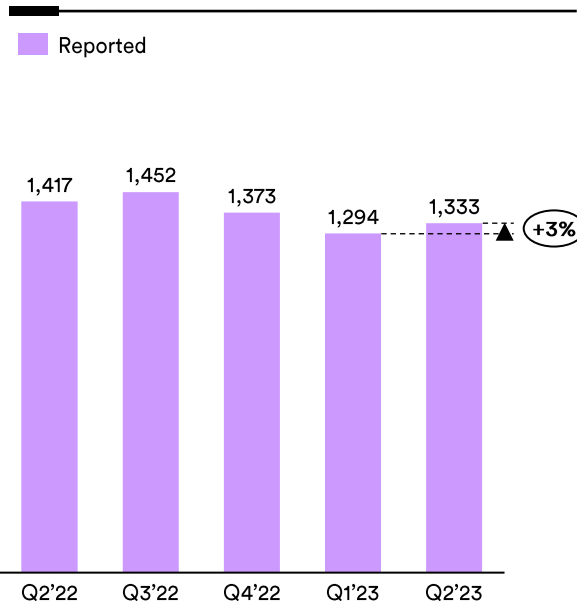


# Adj. EBITDA margin of 27% – sequential improvement driven by lower UA spend (proportional to revenue), studio LTIP reversal and lower OPEX levels

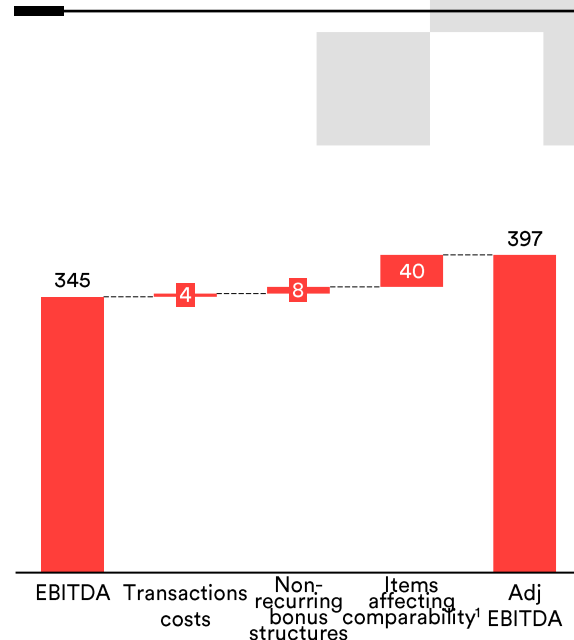
Reported adj EBITDA, SEKm



Reported adj EBITDA, SEKm LTM



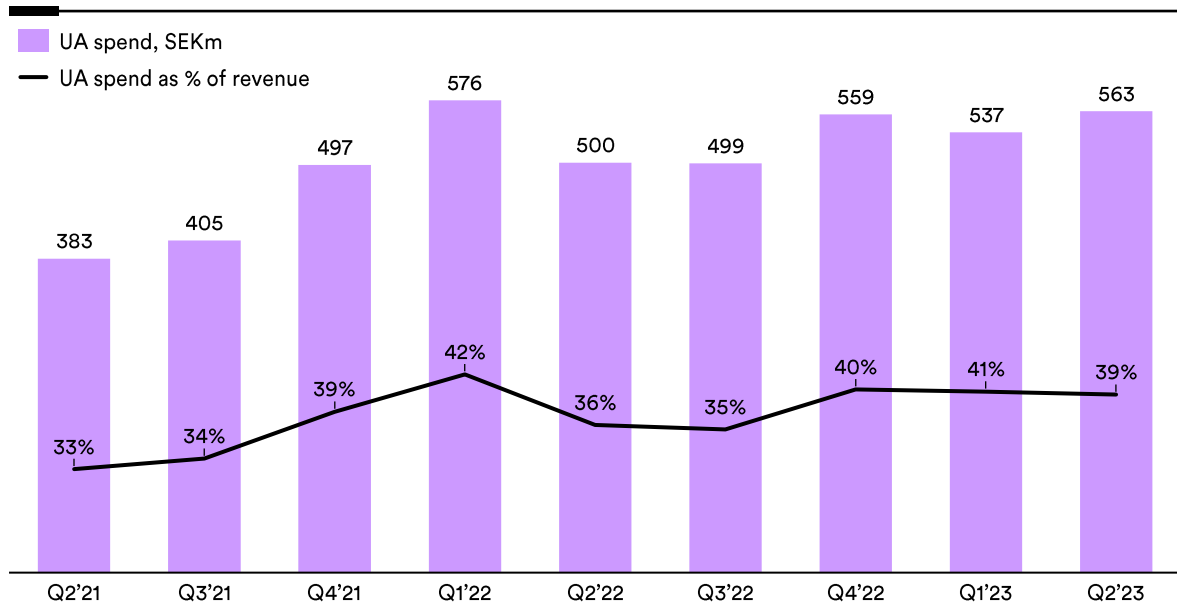
EBITDA to adj EBITDA, SEKm



1) Primarily restructuring costs in InnoGames

# UA spend driven by PlaySimple successfully scaling new games and continuing to invest into already established games

## UA spend development



## Comments

- 39% of total revenues spent on user acquisition
- UA spend driven by PlaySimple which continued to scale its new games successfully and leveraging strong momentum in the US
- InnoGames investing less in UA YoY as new user acquisition in mid-core still challenging



# Cash conversion rate of 53% in Q2 reflects continued strength of our games portfolio

## Group cash flow statement, SEKm

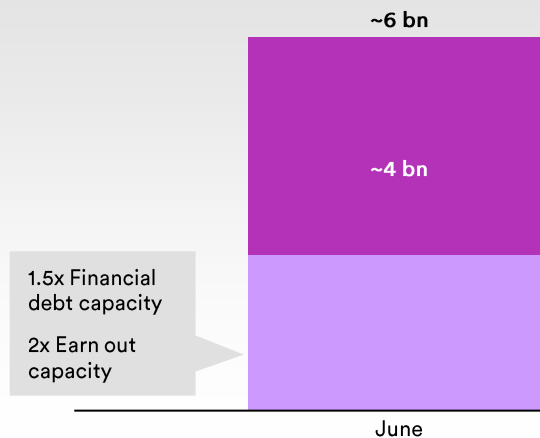
	Q2 2023	LTM
Cash flow from operations <sup>1</sup>	363	1,709
Taxes paid	-103	-405
Changes in working capital	0	-261
Capex	-65	-250
<b>Free cash flow</b>	<b>195</b>	<b>793</b>
<b>Adj. EBITDA</b>	<b>397</b>	<b>1,333</b>
<b>Cash conversion rate</b>	<b>53%</b>	<b>42%</b>
Earnout payment	-365	-928
<b>Free cash flow after earnout payment<sup>2</sup></b>	<b>-170</b>	<b>-135</b>

1) Excluding realized FX effects

2) Including FX the free cash flow after earnout payments is -186 for Q2 and 99 for the LTM period

## Balance sheet, SEKbn

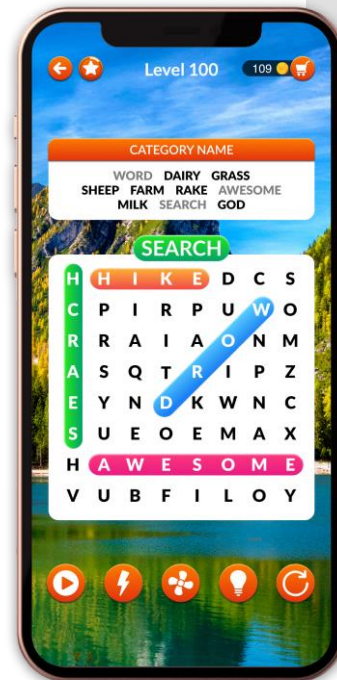
- Cash Position Q2'23
- Debt capacity (3.5x Adj EBITDA)



# Strong sequential growth and healthy margins in Q2 support full year outlook

## Conclusion and outlook

- Overall strong performance in the quarter with four out of five studios growing sequentially resulting in SEKm 1,458 in revenues and adj. EBITDA of SEKm 397 with a margins of 27%
- Good momentum from new games, especially in our Word Games franchise, further attests to the strength of our studios and progressing well on new games pipeline
- MTG intends to continue buying back shares in line with mandate from AGM once we have received approval from Swedish authorities to cancel 6,520,000 of the B-shares we hold in treasury
- Consequentially, we are on track to deliver our outlook and expectations for the full year
  - Sales to be within the range of -3% to +2% when adjusting for currency effects
  - Adj. EBITDA margin for the year to be within MTG's long-term outlook of 23-25%



Word Search



Q&A

Bloons TD 6