



Q3 2019 Financial Results



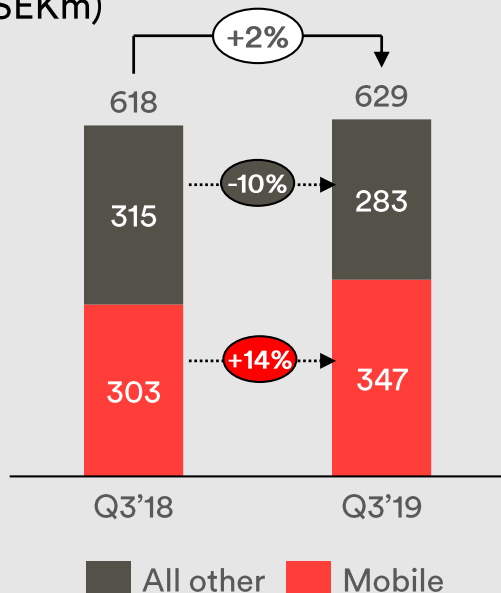
Summary for Q3 2019

- MTG continues to deliver on its strategic direction, with seasonally solid development in the quarter:
 - Net sales growth of 4 % to SEK 1,066 (1,027) million and 6 % in our two key verticals
 - Adjusted EBITDA of SEK 19 (27) million
- Esports sales up 12 % with one less Master property compared to Q3 2018
- Stable development for gaming vertical, supported by a strong operational recovery in Kongregate. ARPDAU increased by 7 %
- MTG VC fund invested SEK 10 million in three growth companies



Mobile revenue driving gaming revenue growth

Net sales, reported
(SEKm)



InnoGames



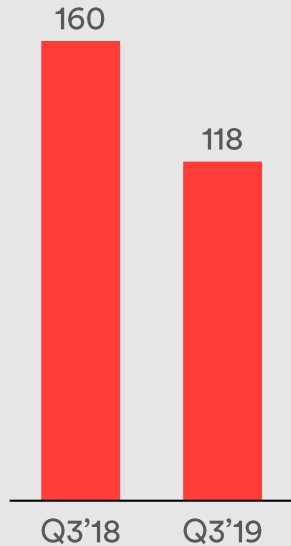
- Total mobile revenue for the gaming vertical reached the highest value ever in Q3 with a 55% revenue share
- MAU grew by 8 % for Elvenar and FoE quarter on quarter in Q3 on back of marketing investment



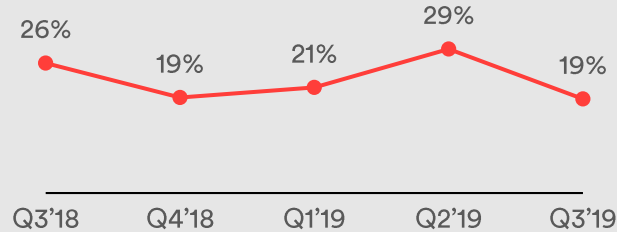
- Kongregate acquired hit mobile and web game Bit Heroes which now has over 14 million game plays
- Kongregate's newly launched Idle Frontier is continuing its growth trajectory increasing gross revenue by 11% MoM in September

Increasing marketing spend in gaming to facilitate future growth

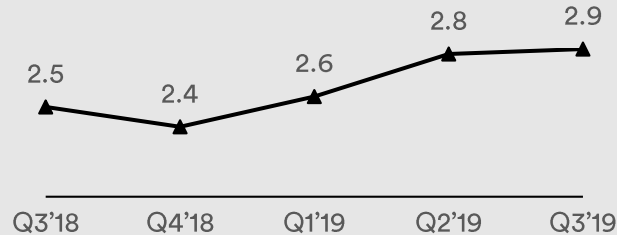
Adjusted EBITDA
(SEKm)



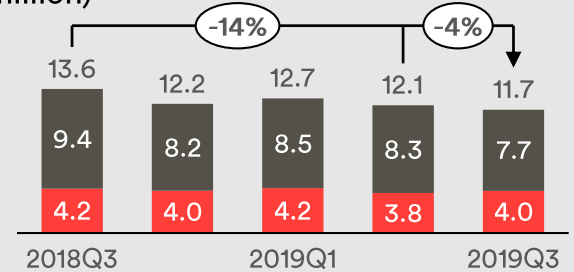
Adjusted EBITDA margin
(%)



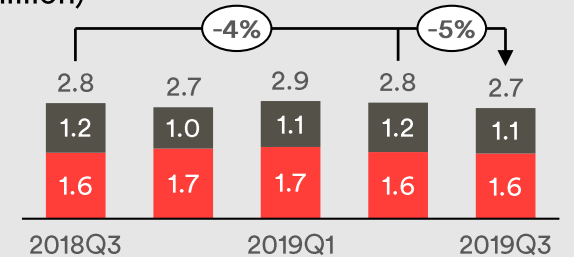
ARPDau
(SEK)



Monthly active users (MAU)
(million)

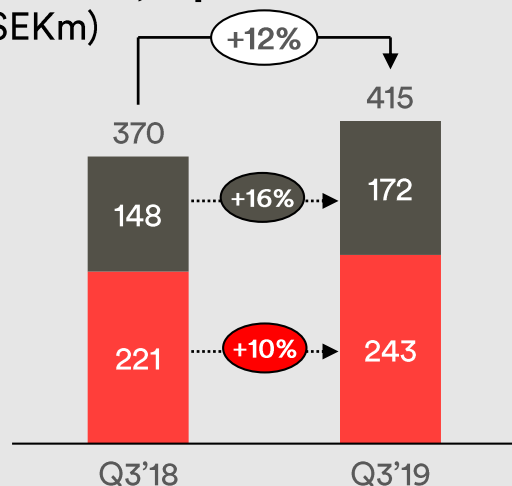


Daily active users (DAU)
(million)



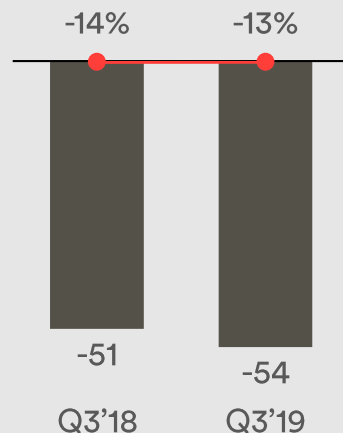
Continued growth in esports

Net sales, reported
(SEKm)



■ Esports services
■ Owned and operated

Adjusted EBITDA
(SEKm, %)



■ Adj. EBITDA
● Adj. EBITDA margin

O&O properties activated

	Q3'18	Q3'19
Masters	4	3
Challengers	14	17
Open	2	2



ESL One New York sponsorship revenue was up 20 % compared to same event last year



DreamHack Masters Malmö viewership 6.8 million hours



ESL PRO TOUR
CS:GO



Major steps toward commercially professionalize the esports industry



ESL and DreamHack jointly announces the forming of ESL Pro Tour; **the world's largest Counter-strike: Global Offensive (CS:GO) circuit ever**, co-developed and executed by the two companies

>20 tournaments
Linked on five continents



MTG announces the entering 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

All ESL Pro Tour events
will be professionally measured by Nielsen

Nielsen partnership to accelerate monetization of the young and attractive esports fan base

Driving commercial professionalization of the industry

"The fight for young demographics"



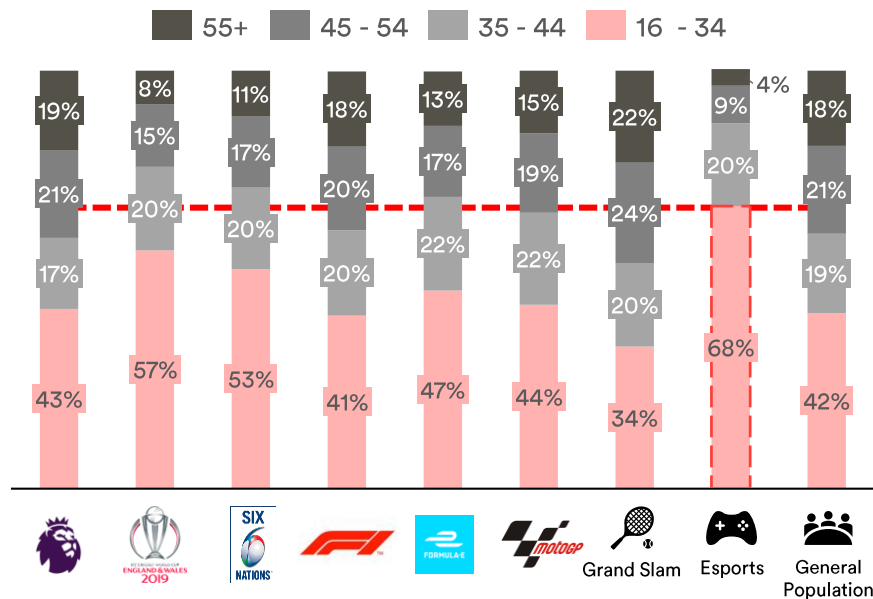
1 Measure media value
Impact: data value driven agreements with brand partners

2 Standardize industry metrics
Impact: increase confidence in the esports market

3 Generate fan insights
Impact: better monetize ESL and DreamHack audience

All ESL and DreamHack competitions in the ESL Pro Tour will be professionally measured by Nielsen

Age composition of fan groups of leading sports leagues



Publisher partnerships presented in the quarter



2K is **partnering with the NBA and ESL to create the NBA 2K20 Global Championship**. The NBA 2K20 Global Championship is a new competitive tournament designed for aspiring NBA 2K20 players worldwide



The Vodafone 5G ESL Mobile Open was the **first-ever international competitive mobile esports circuit played on 5G**, with the finals on September 28-29 in Milan. PUBG Mobile and Asphalt 9 players from different continents had the chance to fight their way to the top in an open environment for everyone



ESL to handle production of the **Intel World Open**, which is co-hosted by The International Olympic Committee and Intel and will take place in the run-up to the 2020 Summer Olympics and **feature Rocket League and Street Fighter V competitions**



DreamHack announced a partnership with Nintendo and its competitive Super Smash Bros. **Ultimate European Circuit**, which will include stops at DreamHack Winter, DreamHack Summer and DreamHack Leipzig



ESL announced that it will support UEFA's **eEURO2020 tournament**, which is a national team e-football competition featuring over 50 UEFA National Associations, with a total of \$100,000 in the cash prize pool



\$500,000 total prize pool

DreamHack announced **two of the largest community tournaments to ever take place at a DreamHack festival** – one at DreamHack Winter and one at DreamHack Anaheim

Mobile esports developing into a meaningful contributor in Q3

AT&T's Shiz Suzuki discusses ESL Partnership at ESL One New York

- *“They (ESL red.) are really great at establishing these types of events (...) so its great to have a partner like ESL”*
- *“When you have great partners like ESL who are helping you understand your audience better, we are able to elevate that fan experience better, and all of those things are coming together here at ESL One”*



Vodafone 5G ESL Mobile Open



Nikos Vlachopoulos • 2nd

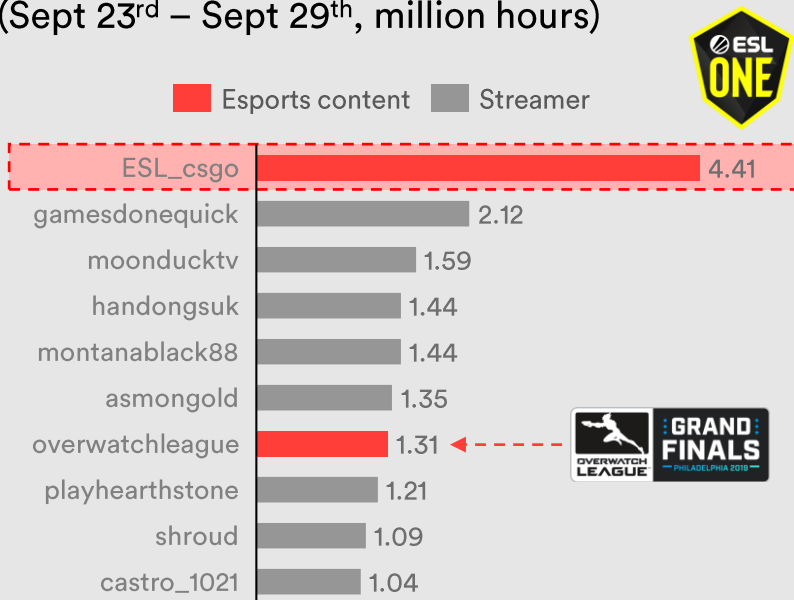
Global Marketing & Brand Director - Consumer at Vodafone Group, UK
18h • Edited

First ever e-gaming competition with 40+ players playing on Vodafone's live Gigabit 5G network. Real time... In front of 200,000 visitors and XXX million viewers (the counter is still ticking). While everyone is wondering about use cases and monetization of 5G.... our technology, product and marketing teams is showing to the world how it is done.... launching in parallel the gaming pass for our italian customers. Huge thanks to our partners ESL and Huawei for not been afraid to take the leap of faith with us on this journey. The future is now even more exciting and we are absolutely Ready ... [Stefano Parisse](#), [Andrea](#)



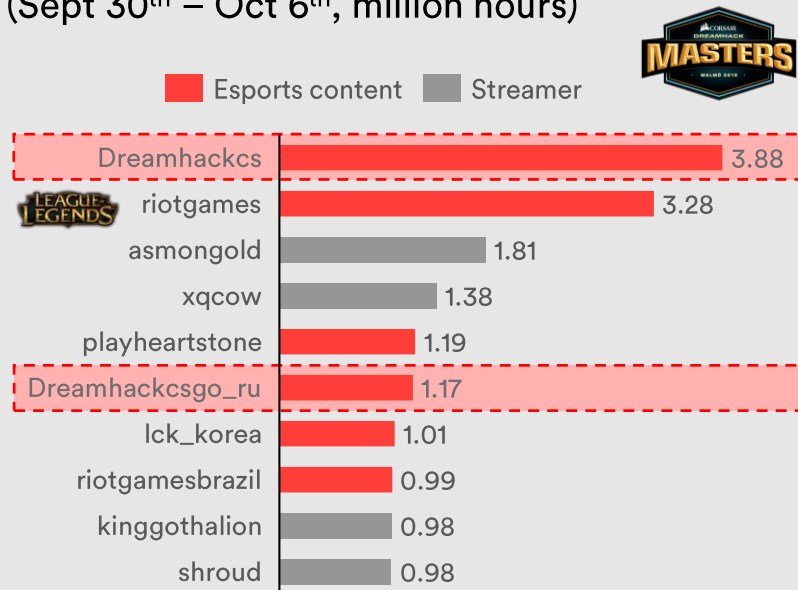
Snapshot of two of our well-performing esports properties

Twitch top channels by hours watched (Sept 23rd – Sept 29th, million hours)



ESL One New York – Master property

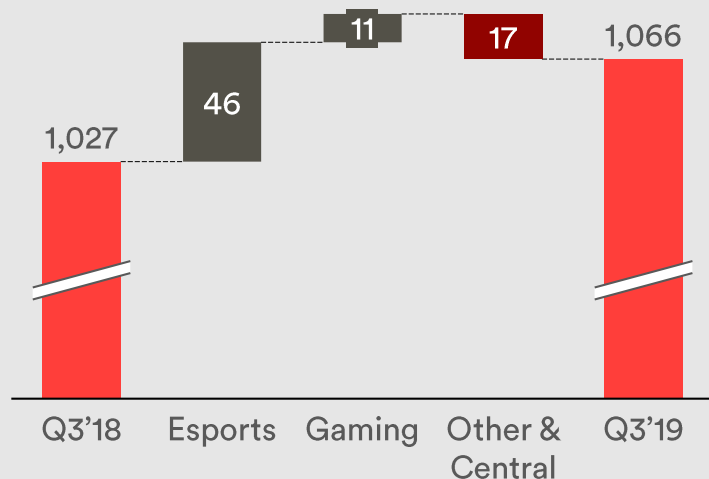
Twitch top channels by hours watched (Sept 30th – Oct 6th, million hours)



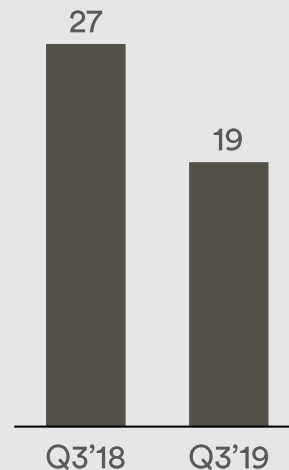
DreamHack Masters Malmo – Master property

Q3 sales and adj. EBITDA

Net sales by vertical (SEKm)



Adjusted EBITDA (SEKm)



Comments

- Esport net sales grew by 12 % of which organic growth represented 7 % mainly driven by increased sponsorship sales, despite one less Master property compared to same period last year
- Gaming also saw a 2 % growth in net sales
- The net sales development was also impacted by a 42 % decline in net sales at Zoomin

Q3 income statement

(SEKm)	Q3 2019	Q3 2018	Q3 2019 Comments
Adjusted EBITDA	19	27	
<i>Adjusted EBITDA margin</i>	<i>1.8%</i>	<i>2.6%</i>	<ul style="list-style-type: none"> • Margin development driven by higher marketing expenses in gaming • Including -33 (-54) million in central operations cost
Adjustments	-36	17	
EBITDA	-17	44	<ul style="list-style-type: none"> • LTI: SEK 17 million for total group • M&A: SEK 19 million related to project costs
D&A	-81	-57	
<i>Of which PPA</i>	<i>-32</i>	<i>-31</i>	<ul style="list-style-type: none"> • Includes SEK -14 million impact from IFRS 16 • Increase in D&A also reflecting higher amortization in Gaming of intangible assets and Own Work Capitalized
EBIT	-98	-13	
<i>EBIT margin</i>	<i>-9.2%</i>	<i>-1.3%</i>	
Net Income – Continuing Ops	-98	-43	
Basic EPS (SEK)	-1.73	-1.16	<ul style="list-style-type: none"> • Financial net SEK 8 million mainly due to exchange rate changes • Group tax SEK -8 million
Discontinued Operations	-26	236	

Capex, cashflow and cash balance

SEKm	Q3'19	Q3'18
Capex	69	33
<i>of which Gaming</i>	55	26

VC Fund investments of SEK 10 million, two new and one follow-on. Fund now SEK 22 million invested in 18 companies

Cash flow from operations	-33
<i>of which working capital</i>	5

SEKm	Q3'19
Net cash at end Q3	2,019

MTG announces strategic review of its gaming vertical and explores listing in the US

- MTG to initiate a strategic review of its gaming vertical in order to evaluate the best route to crystalize value for shareholders
- The strategic review could result in a Joint Venture (JV) partnership for the gaming vertical to enhance its competitive position or that MTG fully transitions to become a global pure play esport company
- Within the context of the strategic review, MTG will explore an additional listing in the US which is one of the biggest esport markets in the World
- Independent and in parallel to these processes, MTG considers implementing an operational efficiency program to ensure a right sized and more efficient headquarter organization



Summary and outlook

- Seasonally solid operational development in Q3 2019 with sales in our two verticals up 6 %
- Esports sales up 12 %, despite one less Master property compared to Q3 2018
- Stable development for gaming vertical, with ARPDau increasing by 7 % despite smaller and fewer in-game events
- MTG announces strategic review of its gaming vertical and explore listing in the US
- MTG considers implementing an operational efficiency program to ensure a right sized and more efficient headquarter organization
- FY sales ambition is to deliver organic sales growth of 8-12 % with adjusted EBITDA margin in the mid single digits

