



# INVITATION TO SUBSCRIBE FOR CLASS B SHARES IN MODERN TIMES GROUP MTG AB (PUBL)

**NOTE THAT THE SUBSCRIPTION RIGHTS ARE EXPECTED TO HAVE A FINANCIAL VALUE**

In order for the value of the subscription rights not to be lost, holders must either:

- exercise the subscription rights received and subscribe for new Class B Shares no later than 10 February 2021, or
- no later than 8 February 2021 sell the subscription rights received that are not intended to be used for subscription of new class B Shares.

Note that shareholders with nominee-registered shareholdings must subscribe for new Class B Shares through their respective nominee(s).

**Distribution of this prospectus and subscription of new Class B Shares are subject to restrictions in certain jurisdiction, see the section “Important information”.**

Joint Global Coordinators and Joint Bookrunners



## IMPORTANT INFORMATION

This prospectus has been prepared in connection with Modern Times Group MTG AB's (publ) ("MTG" or the "Company") new issue of shares of series B ("Class B Shares") with preferential rights for existing shareholders according to the terms and conditions in this prospectus (the "Rights Issue"). The prospectus has been approved by, and registered with, the Swedish Financial Supervisory Authority in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "Prospectus Regulation"). The approval and registration of the prospectus does not mean that the Swedish Financial Supervisory Authority guarantees that the factual information in the prospectus is correct or complete.

In certain jurisdictions, distribution of this prospectus and participation in the Rights Issue is subject to restrictions according to law and other regulations. No measure has been taken, nor will be taken, to provide a public offering in any jurisdictions other than Sweden, Denmark, Finland and Norway. The Rights Issue is not intended for persons residing in Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Singapore, Switzerland, the United States (subject to certain exceptions) or any other jurisdiction where participation would require an additional prospectus, registration or measures besides those required by Swedish, Danish, Finnish, or Norwegian law. Consequently, subject to certain exceptions in relation to the United States, the prospectus may not be distributed in or to the above-named countries or any other country or any other jurisdiction in which distribution or the Rights which requires such measures or otherwise would be in conflict with regulations in that country or jurisdiction. Any subscription for shares and acquisition of securities in MTG in violation of the restrictions described above may be invalidated. Recipients of this prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may constitute a violation of applicable securities laws.

An investment in securities is associated with risk (see the section "Risk factors"). When investors make an investment decision they must rely on their own assessment of MTG and the Rights Issue, including the facts and risks. Before making an investment decision, investors should engage their own professional advisers and carefully evaluate and consider their investment decision. Investors should only rely on the information in this prospectus and any annex to this prospectus. No person is or has been authorised to provide any information or make any statements other than those contained in this prospectus and, if given or made, such information or statements must not be deemed as having been authorised by MTG, and MTG is not responsible for any such information or statements. Neither the publication or distribution of this prospectus nor any transactions made in respect hereof shall be deemed to imply that the information in this prospectus is correct and applicable at any time other than on the date of the publication of this prospectus, or that there have been no changes in MTG's business since that date. In the event of any material changes to the information in this prospectus, such changes will be announced in accordance with the provisions of the Prospectus Regulation. One condition for subscribing for new Class B Shares in the Rights Issue described in this prospectus is that any person subscribing for new shares will be considered to have provided or, in certain cases, be asked to provide, undertakings and guarantees upon which MTG and its advisors will rely. MTG reserves the right, at its sole and absolute discretion, to declare invalid any subscription for shares that MTG or its clients believe may give rise to a breach or violation of any law, rule or regulation in any jurisdiction. The Rights Issue and this prospectus are subject to the laws of Sweden. Disputes relating to the contents of this the Rights Issue or the prospectus or therewith related legal matters are to be settled by a Swedish court.

### Information to investors the United States

No subscription rights, paid subscribed shares (Sw. *betalade tecknade aktier*) or Class B Shares have been registered or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or securities laws in any state or other jurisdiction in the United States, and may not, directly or indirectly, be offered, exercised, pledged, sold, resold, allotted, delivered or in another way transferred directly or indirectly, (i) within or to the United States, other than according to applicable exceptions from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and in accordance with securities laws in the state or other jurisdiction in question in the United States, or (ii) outside the United States, except in offshore transactions in reliance on Regulation S under the U.S. Securities Act. No public offering of the subscription rights, paid subscribed shares or Class B Shares will be made in the United States. In the United States, only "qualified institutional buyers" ("QIBs") as defined in Rule 144A under U.S. Securities Act ("Rule 144A") will be eligible to participate in the Rights Issue or (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights, in each case in compliance with an exemption from the registration requirements of the U.S. Securities Act. In addition, participation in the Rights Issue will only be permitted to such QIB holders of subscription rights in the United States if they shall have executed and delivered an investor letter in prescribed form (a "QIB Letter") to MTG. Up until 40 days after the initiation of the Rights Issue, an offer or transfer of subscription rights, paid subscribed shares or Class B Shares within the United States made by a securities broker (regardless of whether such securities broker participates in the Rights Issue or not) may violate the registration requirements of the U.S. Securities Act. The subscription rights, paid subscribed shares and Class B Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission ("SEC"), any state regulatory authority in the United States or any other authority in the United States. Nor have any of the forgoing authorities passed upon or endorsed the merits of the offering or and accuracy of this prospectus. Any representation to the contrary is a criminal offense in the United States.

In the United States, this prospectus is being furnished on a confidential basis solely for the purpose of enabling prospective investors that are eligible to participate in the Rights Issue to consider subscribing for the Class B Shares. Distribution of this prospectus to any person other than the offerees specified by MTG, MTG's financial advisers in connection with the Rights Issue, or potential underwriters in relation to (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights, or their respective representatives, is unauthorized, and any disclosure of its contents, without prior written consent of MTG, is prohibited. Any reproduction or distribution of this prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This prospectus is personal to each offeree and does not constitute an offer to any person or to the public generally to purchase, subscribe for or otherwise acquire the subscription rights, paid subscribed shares or Class B Shares.

If, at any time, MTG is neither subject to Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, it will furnish, upon request, to any owner of the subscription rights, paid subscribed shares or Class B Shares, or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act. In such cases, MTG will also furnish to each such owner all notices of shareholders' meetings and other reports and communications that are made generally available by MTG to its shareholders.

### Information to investors within the EEA

No public offering of subscription rights, paid subscribed shares (Sw. *betalade tecknade aktier*) or shares issued by MTG ("Securities") is made within the European Economic Area ("EEA") in other member states than Sweden and Denmark, Finland and Norway. In other member states within the EEA where the Prospectus Regulation is applicable law, directly or by implementation into national law, such an offer may be such an offer can only be made in accordance with exceptions in the Prospectus Regulation or national legislation.

### Information to investors within the UK

This communication is only being distributed to and is only directed at

- persons who are outside the United Kingdom or
- investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or
- high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons").

The Securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### Forward-looking statements

This prospectus contains certain forward-looking statements that reflect the senior management's current view on future events as well as anticipated financial and operational performances. Forward-looking statements can be identified by the use of words as "believe", "expect", "predict", "intend", "can", "plan", "anticipate", "will", "seek", "should", "could", or "may", or in each case their negations or similar expressions. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of several factors. Factors that may result in MTG's actual results, performance or efforts significantly deviating from those provided or indicated in the forward-looking statements include, *inter alia*, the factors discussed in the section "Risk factors".

Forward-looking statements speak only as of the date of this prospectus. MTG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or other circumstances, except for when it is required by law or other regulations. Accordingly, investors are cautioned not to place undue reliance on any of these forward-looking statements.

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## The terms of the Rights Issue in brief

### Preferential rights

Those who are registered as shareholders in MTG's share register maintained by Euroclear Sweden AB on the record date receive one (1) subscription right for each share held in MTG (irrespective of the share class, *i.e.*, both holders of Class A Shares and holders of Class B Shares will receive subscription rights for new Class B Shares). Twelve (12) subscription rights entitle to subscription for five (5) Class B Shares. Only entire new Class B Shares can be subscribed for (*i.e.*, no fractions). In addition, investors are invited to apply for a subscription for shares without subscription rights.

<b>Subscription price</b>	SEK 90 per Class B Share
<b>Record date for the right to receive subscription rights</b>	25 January 2021
<b>Subscription period</b>	27 January–10 February 2021
<b>Trading in subscription rights</b>	27 January–8 February 2021
<b>Trading in paid subscribed shares</b>	27 January–19 February 2021

### Other information

#### ISIN-codes

Class A Shares	SE0000412363
Class B Shares	SE0000412371
Subscriptions rights for Class B Shares	SE0015503594
Paid subscribed shares regarding Class B Shares	SE0015503602

#### Short name (ticker) on Nasdaq Stockholm

Class A Shares	MTG A
Class B Shares	MTG B
Subscription rights	MTG TR B
Paid subscribed shares	MTG BTA B

<b>LEI-code:</b>	549300E8NDODRSX29339
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# SUMMARY

## Introduction and warning

The prospectus has been prepared in connection with a new issue of Class B Shares in Modern Times Group MTG AB (publ), corporate identity number 556309-9158, (“**MTG**” or the “**Company**”) with preferential rights for the Company’s shareholders. The Company’s address is Box 2094, 103 13 Stockholm, its LEI code is 549300E8NDODRSX29339 and the ISIN code for the Class B Shares is SE0000412371.

The prospectus was approved and registered by Finansinspektionen on 22 January 2021. Finansinspektionen’s postal address is Box 7821, 103 97 Stockholm, Sweden, telephone number is 08 408 980 00 and website is [www.fi.se](http://www.fi.se).

This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on a consideration of the prospectus as a whole by the investor. Investors could lose all or part of the invested capital. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including translations hereof, but only if the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the securities.

## Key information on the issuer

### Who is the issuer of the securities?

Modern Times Group MTG AB (publ), corporate identification number 556309-9158, is the issuer of the securities. The Company’s registered office is in Stockholm. The Company is a Swedish public limited liability company incorporated in Sweden under Swedish law. The Company’s operations are regulated by the Swedish Companies Act (2005: 551) (Sw. *Aktiebolagslagen*).

### Principal activities

MTG is a holding and investment company in the entertainment sector with a focus on the two rapidly growing sectors esports and gaming. The Company’s vision is to be the home of esports and gaming entertainment.

MTG was founded in 1987 and the company has since developed into a well-established global player in digital entertainment. Since the division and listing of NENT Group in March 2019, the business has been divided into the two verticals: Gaming and Esports.

The gaming vertical consists of InnoGames GmbH (“**Inno-Games**”), Kongregate Inc. (“**Kongregate**”), Hutch Games Ltd. (“**Hutch**”) and MTG’s VC Fund investments in gaming-related

companies. InnoGames is a German developer and publisher of mobile and browser games. The company is based in Hamburg and is best known for the games Forge of Empires, Elvenar and Tribal Wars. Hutch is a British developer and publisher of games focused on the mobile racing genre in the midcore segment. The company is based in London and has developed well-known game titles such as F1 Manager, Rebel Racing and Top Drives. Kongregate is a San Francisco-based publisher and developer of browser and mobile games and is a recognised innovator in the genre of Idle Games, which means simpler forms of games that require limited commitment from the player.

The esports vertical consists of the portfolio companies ESL Gaming (a merger of ESL and DreamHack) and DreamHack Sport Games, both of which create different forms of entertainment in esports by organising international and national leagues, tournaments for professional players and amateurs and festivals. The esports vertical also includes the Company’s VC Fund’s investments in esports related companies.

### Major shareholders

The table below shows the shareholders who had a direct or indirect shareholding that represents five per cent or more of the total number of shares and votes in MTG as of 31 December 2020 (and thereafter to MTG known changes).

Owner/nominee/custodian bank	Number of shares (Class A Shares and/or Class B Shares)	Percentage of shares	Percentage of votes
Active Ownership Capital S.à r.l.	5,718,626 (Class B Shares)	8.4%	7.8%
Swedbank Robur Fonder	5,714,732 (Class B Shares)	8.4%	7.8%
Evermore Global Advisors, LLC	3,863,336 (Class B Shares)	5.7%	5.3%
Other shareholders	52,977,861	77.6%	79.3%
<b>Total</b>	<b>68,274,555</b>	<b>100.0</b>	<b>100.0</b>

### Senior executives

Group management consists of the following senior executives: Maria Redin (President and CEO), Lars Torstensson (CFO, Head of Communications and Investor Relations), Arnd Benninghoff (EVP, Esports & Gaming) and Johan Levinsson (Group General Counsel).

### Auditor

KPMG AB is MTG’s auditor. The authorised public accountant Helena Nilsson is the principal auditor. KPMG AB’s address is KPMG AB, Box 16106, 103 23 Stockholm.

*Key financial information regarding the issuer*  
*Selected income statement items*

(MSEK)	Financial year ending December 31 <sup>1)</sup>		The nine-month period ending 30 September <sup>2)</sup>	
	2019	2018	2020	2019
Net sales	4,242	3,841	2,932	3,079
Operating income/EBIT	-407	-41	-56	-201
Net Income for the period / Year, continuing operations attributable to equity holders of the parent	-551	-212	-294	-344
Net Income for the period / Year, continuing operations attributable to non-controlling interest	93	105	133	93
Basic earnings per share from continuing operations	-8.2	-3.2	-4.37	-5.11
Diluted earnings per share from continuing operations	-8.2	-3.2	-4.37	-5.11
Total net income for the period/year	14,394	1,153	-162	14,761
Basic earnings per share, total operations	212.68	15.52	-4.37	217.81
Diluted earnings per share, total operations	212.68	15.40	-4.37	217.81
EBIT-margin <sup>3)</sup>	-10%	-1%	-2%	-7%

1) The information (excluding EBIT-margin) is taken from MTG's consolidated audited financial statements which are included in the annual report for the financial year 2019. The annual report has been audited by MTG's independent auditor KPMG AB in accordance with what is stated in the accompanying auditor's report.

2) The information (excluding EBIT margin) is taken from MTG's unaudited consolidated financial statements in summary, which are included in the interim report for the period January–September 2020.

3) Alternative performance measure. Calculated as operating income/EBIT divided by net sales.

*Selected balance sheet items*

(MSEK)	Financial year ending December 31 <sup>1)</sup>		The nine-month period ending 30 September <sup>2)</sup>	
	2019	2018	2020	2019
Assets	8,963	20,324	8,772	9,748
Total equity	6,581	6,997	6,230	7,082

1) The information is taken from MTG's consolidated audited financial reports for the financial years 2019 and 2018 which are included in the annual reports for the financial years 2019 and 2018. The annual reports have been audited by MTG's independent auditor KPMG AB in accordance with what is stated in the accompanying auditor's reports.

2) The information is taken from MTG's unaudited consolidated financial statements in summary, which are included in the interim reports for the periods January–September 2020 and 2019.

*Selected cash flow items*

(MSEK)	Financial year ending December 31 <sup>1)</sup>		The nine-month period ending 30 September <sup>2)</sup>	
	2019	2018	2020	2019
Net cash flow from operations, from continuing operations	-188	1,042	175	-205
Cash flow from investing activities, from continuing operations	1,546	-779	-211	1,615
Cash flow from financing activities, from continuing operations	40	-608	-218	135

1) The information is taken from MTG's consolidated audited financial reports which are included in the annual report for the financial year 2019. The annual report has been audited by MTG's independent auditor KPMG AB in accordance with what is stated in the accompanying auditor's report.

2) The information is taken from MTG's unaudited consolidated financial statements in summary, which are included in the interim report for the period January–September 2020.

## SUMMARY

### Pro forma financial information

The purpose of the pro forma financial information in this prospectus is only to illustrate the hypothetical effects that the acquisition and financing of Hutch, the acquisition of additional shares in InnoGames and the establishment of a new holding company for the gaming business could have had on MTG's consolidated income statement to operating income (EBIT) for the period 1 January–30 September 2020 if the transactions had been completed on 1 January 2020 and the consolidated balance sheet for the Group as of 30 September 2020 if the transactions had been completed at that date.

The pro forma financial information has been prepared in accordance with MTG's accounting principles as described in the annual report for the financial year 2019. MTG applies International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by

the European Union ("IFRS"). Hutch's internal financial reports, used as basis for the pro forma financial information have been prepared in accordance with UK GAAP (FRS 102). MTG has not taken into account any issue proceeds from the Rights Issue in the pro forma financial information as the Rights Issue is not guaranteed. If MTG is unable to carry out the Rights Issue as planned, MTG assesses that the working capital would not be sufficient for MTG's needs during the coming twelve-month period. MTG would therefore need to seek additional funding for which the terms are not known. For this reason, financial costs that are supported by facts that are known at the time of submission of the pro forma financial information cannot be presented. Due to this, MTG only presents the pro forma income statement in the prospectus down to operating income (EBIT).

### Selected pro forma income statement items for the period 1 January–30 September 2020

	MTG IFRS (MSEK)	Hutch UK GAAP (KGBP)	Hutch UK GAAP (MSEK)	Pro forma adjustments		Pro forma (MSEK)
				IFRS- adjustments (MSEK)	Acquisition- related adjustments (MSEK)	
Net sales	2,932	29,815	356	127	–	3,416
Operating income (EBIT)	-56	7,749	93	19	-80	-25

The above pro forma operating income (EBIT) is distributed between the parent company's shareholders and non-controlling interests as follows.

Pro forma operating income (EBIT)	-25 MSEK
– Pro forma operating income (EBIT) attributable to non-controlling interests	91 MSEK
= Pro forma operating income (EBIT) attributable to the parent company's shareholders	-115 MSEK

### Selected pro forma balance sheet items as of 30 September 2020

	Pro forma adjustments		Hutch UK GAAP (KGBP)	Hutch UK GAAP (MSEK)	Pro forma adjustments		Pro forma (MSEK)
	MTG IFRS (MSEK)	MTG Gaming IFRS (MSEK)			IFRS- adjustments (MSEK)	Acquisition- related adjustments (MSEK)	
Assets	8,772	0	20,130	232	13	2,462	11,480
Equity	4,868	-620	13,911	160	-20	-75	4,314
Non-controlling interest	1,361	-577	0	0			784
Total equity	6,230	-1,197	13,911	160	-20	-75	5,098

### Key risks specific to the issuer

The most significant risks related to MTG include the following risks.

- MTG is dependent on a few game titles that generate a significant part of the gaming vertical's net sales
- MTG may fail in its development of games and fail to launch new game titles
- MTG is dependent on certain platforms for marketing and selling games
- MTG's investments in licensing agreements with third parties may fail and MTG could lose important licensing agreements
- MTG is dependent on a few game titles that generate a large part of the esports vertical's net sales
- MTG is dependent on its ability to arrange physical events that attract audiences, sponsors and advertisers
- MTG is dependent on its ability to arrange digital events that attract audiences, sponsors and advertisers
- MTG could in a short time lose market shares to existing or new competitors
- MTG could fail to grow through acquisitions and investments in companies with high potential

- MTG could fail in connection with the integration of acquired companies and businesses
- MTG could be involved in disputes and other legal proceedings
- If MTG does not carry out the Rights Issue, MTG could fail to make payments due to lack of working capital or access to external financing

## Key information on the securities

### *Main features of the securities*

The prospectus refers to a new issue of a maximum of 28,320,697 Class B Shares (ISIN code SE0000412371) with preferential rights for MTG's shareholders. The shares are denominated in Swedish kronor (SEK). As of the date of the prospectus, the total number of shares in the Company is 68,274,555, of which 545,662 are Class A Shares and 67,728,893 are Class B Shares. The quota value per share in the Company is SEK 5.00.

### *Rights attached to the securities*

Each Class A Share entitles to ten (10) votes at a general meeting. Each Class B Share entitles to one (1) vote at a general meeting. Each shareholder has the right to vote for all shares held by the shareholder in the Company.

Should the Company resolves on an issue of new shares of Class A Shares, Class B Shares or Class C Shares, by way of payment other than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held (primary preferential right). Shares that are not subscribed for with primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If the offered shares are not sufficient for the subscription that takes place with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of shares they previously own and to the extent that this cannot be done, by drawing lots. If the Company decides to issue only Class A Shares, Class B Shares and Class C Shares, by way of payment with other than non-cash assets, all shareholders, regardless of whether their shares are Class A Shares, Class B Shares and Class C Shares, shall have preferential rights to subscribe for new shares in relation to the number of shares previously held.

What is prescribed above regarding shareholders' preferential rights shall be applied correspondingly in relation to the issue of warrants and convertibles and shall not entail any restriction on the possibility of making a decision on an issue with deviation from the shareholders' preferential rights.

In the event of an increase in the share capital through a bonus issue with the issue of new shares, new Class A Shares and Class B Shares shall be issued within each share class in relation to the number of shares of the same class that already exist. Thereby, old shares of a certain class of shares shall carry the right to new shares of the same class. Class C Shares do not entitle to participation in a bonus issue.

Upon decision by the board of directors, Class C Shares shall be reclassified into Class B Shares provided that the shares are held by the Company. During January and July each

year, owners of Class A Shares have the right to demand that all or part of the holding of Class A Shares be converted into Class B Shares.

All Class A Shares and Class B Shares have an equal right to dividends as well as to the Company's assets and any surplus in the event of liquidation. However, Class C Shares are not entitled to receive dividend. Upon the Company's dissolution, Class C Shares entitle to the same share in the Company's assets as other shares, but not in an amount higher than what corresponds to the share's quota value calculated per day for distribution with an interest factor of STIBOR 30 days with the addition of one percentage point from the day of payment of the subscription proceeds. STIBOR 30 days is determined on the first banking day of each calendar month. The shares are not subject to any transfer restrictions.

The new Class B Shares carry the right to a dividend for the first time on the record date for dividends that falls immediately after the new Class B Shares have been registered with the Swedish Companies Registration Office.

### *Dividend policy*

MTG intends to invest profits and cash flow in the development of its portfolio of holdings and therefore does not expect dividends or share repurchases in the foreseeable future.

### *Where will the securities be traded?*

MTG's Class B Shares are admitted to trading on Nasdaq Stockholm. The short name (ticker) for the Class B Shares is MTG B. The Class B Shares issued through the Rights Issue will also be admitted to trading on Nasdaq Stockholm.

### *What are the key risks that are specific to the securities?*

The most significant risks related to MTG's shares include the following risks.

- The share price can be volatile and its development can depend on a number of factors
- MTG's ability to pay dividends in the future might be limited and is dependent on several factors
- There is a risk that trading in subscription rights and paid subscribed shares will be restricted

## Key information on the offer of securities to the public and the admission to trading on Nasdaq Stockholm

*Under which conditions and timetable can I invest in this security?*

*The terms and conditions of the offering and expected timetable*

**Number of shares offered:** The Rights Issue comprises a maximum of 28,320,697 Class B Shares.

**Subscription right:** Those who are registered as shareholders in MTG's share register maintained by Euroclear Sweden AB on the record date receive one (1) subscription right for each share held in MTG (irrespective of the share class, i.e., both holders of Class A Shares and holders of Class B Shares will receive subscription rights for new Class B Shares). Twelve (12) subscription rights entitle to subscription for five (5) Class B

Shares. Only entire new Class B Shares can be subscribed for (*i.e.*, no fractions). Should all new Class B Shares not be subscribed for with subscription rights, the board of directors shall resolve on the allotment of Class B Shares subscribed for without subscription rights in accordance with the following: *Firstly*, the new Class B Shares shall be allotted to those that have applied for subscription with subscription rights, regardless if they were shareholders on the record date on 25 January 2021 or not, in proportion to the number of subscription rights each such person exercised for subscription for Class B Shares, and where this is not possible, by drawing of lots. *Secondly*, the new Class B Shares shall be allotted to others that have applied for subscription without subscription rights and, in case of oversubscription, in proportion to the number of Class B Shares that each such person has applied to subscribe for, and where this is not possible, by drawing of lots. *Thirdly*, the new Class B Shares shall, where applicable, be allotted to those who have entered into a subscription commitment pursuant to specific agreements with the Company, in accordance with the terms and conditions of such potential agreements. *Ultimately*, the new Class B Shares, where applicable, shall be allotted to potential underwriters, that have entered into underwriting agreements with the Company, in accordance with the terms and conditions of such potential agreements.

**Record date for the right to receive subscription rights:** 25 January 2021.

**Subscription period:** From 27 January 2021 until 10 February 2021 or the later date determined by the board of directors.

**Subscription price:** SEK 90 per Class B Share.

**Payment:** Subscription for new Class B Shares with subscription rights shall take place by payment in cash. Payment for new Class B Shares subscribed without subscription rights shall be paid in cash in accordance with instructions on the settlement note to be provided.

**Trading in subscription rights and paid subscribed shares:**

Trading in subscription rights will take place on Nasdaq Stockholm during the period from and including 27 January 2021 to and including 8 February 2021 (under the short name (ticker) MTG TR B). Trading with paid subscribed shares will take place on Nasdaq Stockholm during the period 27 January 2021 up to and including 19 February 2021 (under the short name (ticker) MTG BTA B).

**Admission to trading on Nasdaq Stockholm:** Trading in the new Class B Shares on Nasdaq Stockholm is expected to begin around 25 February 2021.

*Dilution effect from the offering*

An extraordinary general meeting on 21 January 2021 resolved on a directed new issue of 627,431 Class B Shares directed to certain sellers of Hutch, whereby the number of shares in MTG increased from 67,647,124 shares (of which 545,662 Class A Shares and 67,101,462 Class B Shares) to 68,274,555 shares (of which 545,662 Class A Shares and 67,728,893 Class B Shares).

The rights issue will, upon full subscription, result in the number of shares in MTG increasing from 68,274,555 shares (of which 545,662 Class A Shares and 67,728,893 Class B Shares) to 96,595,252 shares (of which 545,662 Class A Shares and 96,049,590 Class B Shares), which corresponds to an increase in the number of shares by approximately 41.5 per cent and the number of votes by approximately 38.7 per cent. For those shareholders who refrain from subscribing for Class B Shares in the Rights Issue, a dilution effect of a not more than 28,320,697 new Class B Shares arises, corresponding to approximately 29.3 per cent of the total number of shares in MTG after the Rights Issue and 27.9 per cent of the total number of votes in MTG after the Rights Issue (calculated including the 304,880 Class B Shares held by MTG on the date of the prospectus).

*Expenses relating to the offering*

The costs for the issue are estimated to amount to SEK 27 million. MTG does not impose any fees or other costs on investors in connection with the Rights Issue. No commission will be charged in connection with the Rights Issue.

*Who is the offeror and the person asking for admission to trading?*

The company is Modern Times Group MTG AB (publ), corporate identification number 556309-9158. The registered office is in Stockholm. The company is a Swedish public limited liability company incorporated in Sweden under Swedish law. The Company's operations are regulated by the Swedish Companies Act (2005: 551) (*Sw. Aktiebolagslagen*).

*Why is this prospectus being produced?*

*Background and reasons and use of net proceeds*

MTG is a holding and investment company in the entertainment sector with a focus on the two rapidly growing sectors esports and gaming. MTG's strategy is to drive profitability and organic growth in the portfolio companies and to invest in esports and gaming companies with high potential that complement MTG's brands and products. Until December 2020, the gaming vertical mainly consisted of InnoGames and Kongregate. On 7 December 2020, MTG announced the acquisition of an additional 17 per cent of the shares in InnoGames, thereby increasing its shareholding in InnoGames to 68 per cent. In connection with this, on 8 December 2020, MTG also announced the acquisition of Hutch.

Following the acquisition of Hutch, MTG is a significant player within game development with game titles in the strategy, city builder and racing genres for both browser and mobile. The more diversified game portfolio allows for a more stable and higher user acquisition as well as better profitability. The Hutch acquisition also provides an increased access to innovation and new growth opportunities with a larger number of skilled game developers. The ambition is that MTG, through the acquisition of Hutch, shall attract a broader target group of players and the ambition is that the companies within the gaming vertical shall be able to use each other's expertise in order to realise synergies in, for example, marketing and sales. Overall, the new MTG will be better positioned to compete on the international gaming market.



The acquisition of Hutch was initially financed with MTG's existing cash and a bridge loan facility of SEK 1,800 million from DNB Bank ASA, Sweden branch and Swedbank. The acquisition of the additional shares in InnoGames was initially financed through a vendor note of a preliminary amount of EUR 113.6 million, which MTG is to repay no later than on 31 March 2021. The Rights Issue will provide MTG with SEK 2,549 million upon full subscription, before deduction of issue costs of SEK 27 million. MTG will primarily use the expected net proceeds of SEK 2,522 million to repay the bridge loan facility of SEK 1,800 million and secondly to repay the vendor note of a preliminary amount of EUR 113.6 million (together with additional existing cash and cash equivalents of SEK 419 million).

#### *Working capital statement*

MTG's assessment is that the existing working capital is not sufficient for MTG's needs during the coming twelve-month period.

According to MTG's assessment, the working capital shortfall for the coming twelve-month period amounts to SEK 2,080 million. The main reasons for the shortfall are the vendor note of EUR 113.6 million that MTG issued in connection with the acquisition of additional shares in InnoGames and the bridge loan facility of SEK 1,800 million that MTG raised in connection with the acquisition of Hutch.

As of 31 December 2020, MTG's cash and cash equivalents amounted to SEK 1,152 million. If MTG does not take into account the net proceeds of SEK 2,522 million received in the event of a fully subscribed Rights Issue or MTG's potential ability to raise alternative financing, MTG estimates that a working capital shortfall of SEK 125 million will arise when the vendor note falls due for payment on 31 March 2021 and a working capital shortfall of SEK 2,066 million will arise when the bridge loan facility falls due for payment on 2 December 2021. Should the Rights Issue not be subscribed for to such an extent that MTG is able to repay the bridge loan facility with the proceeds from the Rights Issue and should MTG at the same time not be successful in raising alternative financing for the repayment of the bridge loan facility, there is a risk that MTG will breach certain financial covenants related to MTG's available cash and leverage at the test date for such financial covenants falling on 30 June 2021. Should MTG breach any of the financial covenants, the lending banks may declare that the bridge loan facility be immediately due and payable, which would result in MTG's working capital shortfall related to the repayment of the bridge loan facility arising already on 30 June 2021 (or at the later date when the lending banks declare that the Company has breached the financial covenants, in accordance with the terms and conditions of the bridge loan facility).

However, in the event of full subscription, the Rights Issue will provide MTG with proceeds of SEK 2,549 million before issue costs of SEK 27 million. MTG will use the net proceeds from the Rights Issue to repay the bridge loan facility of SEK 1,800 million and to repay the vendor note of EUR 113.6 million (together with part of MTG's cash and cash equivalents). Based on the assumption that the Rights Issue is fully subscribed for

and that MTG's liquidity forecast as of the date of the prospectus does not change until MTG repays the vendor note and the bridge loan facility, MTG's board of directors assesses that MTG's working capital will be sufficient for MTG's needs during the next twelve months after the completion of the Rights Issue. If MTG is unable to carry out the Rights Issue or if the proceeds raised from the Rights Issue do not cover the repayment of both the vendor note and the bridge loan facility, MTG may be forced to use a larger portion of its cash and cash equivalents than expected and also seek additional financing. MTG's assessment is that the conditions for raising any additional loan financing are good.

#### *Significant conflicts of interests*

MTG's financial advisers in connection with the Rights Issue are ABG, DNB Markets and Swedbank. The financial advisers (as well as certain related companies) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to MTG for which they have received, or may receive, compensation. DNB Bank ASA, Sweden branch and Swedbank are also lenders for the bridge loan facility of SEK 1,800 million. The intention is for MTG to repay the bridge loan facility in connection with the implementation of the Rights Issue.

# RISK FACTORS

*An investment in securities is associated with risks. This section contains descriptions of the risks that MTG considers to be material to MTG's business and future development. The risks are related to MTG's operations, industry and market, legal and regulatory conditions as well as MTG's shares. The assessment of the materiality of each risk is based on the probability that the risk will be realised and the expected magnitude of negative effects as a result of the risk being realised. In accordance with the Prospectus Regulation the risks described by MTG in this section are limited to risks that are specific to MTG or MTG's shares and which are material for making an informed investment decision. The descriptions in this section are based on information available as of the date of this Prospectus. The risks which MTG currently considers to be the most material are presented first in each category. The subsequent risks are not presented in any particular order.*

## **Business and industry-related risks within the gaming vertical**

*MTG is dependent on a few game titles that generate a significant part of the gaming vertical's net sales*

During the financial year 2019, MTG's net sales amounted to SEK 4,242 million, of which the gaming vertical generated 59.7 per cent (i.e. SEK 2,531 million) and during the first nine months of 2020, MTG's net sales amounted to SEK 2,932 million, of which the gaming vertical generated 69.8 per cent (i.e. SEK 2,047 million). Accordingly, the gaming vertical has historically contributed to a significant part of MTG's total net sales and MTG expects that the gaming vertical will continue to be a substantial part of MTG. The gaming vertical's three largest games generated 77 per cent of the gaming vertical's net sales during the first nine months of 2020. Accordingly, MTG has historically been dependent on the demand for a few games and even if, for example, the acquisition of Hutch contributes to a diversification of the revenue streams in the gaming vertical, MTG expects that it will continue to be dependent on a few games for the foreseeable future. Should MTG fail to attract both existing and new players to its most popular games, for example due to MTG's failure to further develop its games in a way that meets player demand or that MTG's competitors create games that players choose to play in instead, there is a risk that MTG's most popular games will generate lower revenue, which in turn could have a negative impact on MTG's total net sales and results.

*MTG may fail in its development of games and fail to launch new game titles*

The gaming industry is characterised by a rapid development of new technology, new game titles and increasing demands from players. In addition, the gaming industry has historically been sensitive to consumer trends. Due to this and the fact that MTG is currently dependent on a few game titles, MTG focuses in its gaming vertical, among other things, on optimising the existing game portfolio and continued development of new game titles (see the section "*Business overview–Strategy–Gaming*

*strategy*"). MTG's ambition is to continuously update its existing game portfolio with new content to meet players' demand, extend the games' life cycles and maximise revenue generation from each game title. Both InnoGames and Kongregate and the recently acquired Hutch also have several new game titles in production (see section "*Business overview–Segments–Gaming*"). By continuously analysing player data and player behavior, MTG strives to understand the players' wishes and preferences, which are then used to design and develop the games. If MTG fails with this analysis or if MTG's competitors develop new game titles or improve their game titles in a way that is more attractive to players than titles MTG can offer, it may lead to players no longer wanting to play MTG's game titles. It is not certain that the demand for new game titles will meet MTG's expectations and that MTG's investments in game development will be profitable. During the first nine months of 2020, the gaming vertical's investments, which mainly related to new development of game titles and technical improvements, amounted to SEK 140 million. There is a risk that future investments in game development will not result in new revenue to the same extent as they have historically or at all. MTG can therefore not rule out that an increased investment rate may be necessary in the future. If MTG's game development does not result in the growth that MTG expects, it may have a negative impact on MTG's net sales, operating expenses and intangible assets.

*MTG is dependent on certain platforms for marketing and selling games*

During the financial year 2019, MTG's sales of mobile games amounted to SEK 1,327 million, which corresponded to 52 per cent of the gaming vertical's total net sales of SEK 2,531 million. MTG mainly markets and sells its mobile gaming games through, *inter alia*, the Apple App Store, Google Play Store, Amazon Appstore, Huawei App Gallery and Microsoft Store, and MTG is dependent on these platforms to generate revenue in the gaming vertical. For example, historically, about 50 per cent of InnoGames' revenue has been generated from game sales through the Apple App Store and Google Play Store.

There is a risk that MTG's operations will be adversely affected if the gaming companies access to, for example, the Apple App Store or Google Play would be restricted for any reason, such as actual or alleged breaches of the platforms' terms and conditions. MTG's operations may also be adversely affected if the above platforms decrease in popularity, limit the opportunities for MTG to develop existing games or launch new games, change their strategies for which games are marketed on the platforms, change the terms of MTG's ability to provide free-to-play games (in particular, charge for in-game purchases), charge higher fees from MTG, change what information about the players' behaviour is made available for analysis by MTG or if the platforms would develop their own games that compete with MTG's game titles. There is also a risk that the platforms suffer from technical problems that affect the players' opportunities to download and buy MTG's games. Should one or more of the above events occur, it could, both temporarily and in the long-term, have a negative impact on MTG's net sales and results.

*MTG's investments in licensing agreements with third parties may fail and MTG could lose important licensing agreements*

Several of the game titles that, for example, Kongregate and Hutch have developed contain content that is licensed from third parties. For example, one of Hutch's most successful games is F1 Manager, which generated approximately 35 per cent of Hutch's total net sales of SEK 356 million in the first nine months of 2020 (UK GAAP). F1 Manager is a Formula 1 game for mobile devices that allows the player to control their own F1 team. As of the date of the prospectus, the F1 Manager includes all official F1 tracks, teams and drivers from the 2020 FIA Formula One World Championship. The demand for game titles such as F1 Manager but also other games that have content licensed from third parties (such as Kongregate's Teenage Mutant Ninja Turtles – Mutant Madness) may depend on MTG's success in retaining the licenses and that the license agreements allow MTG to, at least with some regularity, further develop the games – which in turn requires investments from MTG. If the games that contain licensed material are not successful, there is a risk that MTG's licensing costs or investments to develop such games will not be covered. The license agreements can also be terminated, which could mean that game titles that contain licensed material may no longer be marketed or sold by MTG. The license agreements may also contain conditions that limit MTG's opportunities to further develop the games in accordance with what MTG deems to be demanded by customers. If games containing licensed material are not successful, if new content cannot be licensed on acceptable terms or if existing license agreements are terminated, it could have a negative impact on MTG's net sales, operating expenses and intangible assets.

*MTG could be affected by illegal possession of for example source codes for MTG's games*

MTG invests significant amounts in the development of its existing and new game titles. During the financial year 2019, MTG's investments in intangible assets within the gaming vertical amounted to SEK 178 million. It is not possible for MTG to obtain a complete protection of the know-how, different

trade secrets and source code that such investments result in from being disclosed or otherwise distributed to unauthorised parties. If, for example, employees with relevant knowledge and access to information unlawfully distribute code or other information regarding MTG's game titles and know how, or if such code or information or other trade secrets are leaked in connection with intrusions in MTG's IT systems, there is a risk that MTG's competitors or others will gain access to confidential information regarding, for example, game titles under development that can be used in a way that is negative for MTG. If any of the events above occur, there is a risk that MTG's investments will not generate expected benefits or that MTG's competitors or other persons will gain benefits at MTG's expense, which in turn could have a negative impact on MTG's net sales and results.

*MTG is dependent on its ability to retain and recruit persons with certain industry specific qualifications*

MTG's growth ambitions depend on the companies' within the gaming vertical success in optimising the existing gaming portfolio and developing new gaming titles that meet players' demand. Consequently, MTG's operations and future success are highly dependent on a number of key employees, in particular leading experts within certain technical areas, game development, game behaviour analysis and marketing. Currently, it is uncertain whether the United Kingdom's withdrawal from the EU and the expiry of the transition period on 1 January 2021 (meaning the United Kingdom is no longer part of the EU's rules and regulations and that new immigration rules have entered into force in the United Kingdom) will affect in particular Hutch's possibility to recruit or retain such key employees that are not UK citizens going forward. If any of the people who currently have significant roles in the game development or marketing within the gaming vertical fail or stop providing MTG with their expertise, there is a risk that MTG will not be able to further develop games or launch new game titles at the pace deemed necessary to meet the competition on the market. In addition, if MTG does not succeed in retaining or recruiting people with relevant specialist knowledge, there could be disruptions or interruptions in MTG's growth.

**Business and industry-related risks within the esports vertical**

*MTG is dependent on a few game titles that generate a large part of the esports vertical's net sales*

A substantial part of all esports events arranged world-wide is based on a limited number of game titles such as CS:GO, Dota 2, Overwatch, Starcraft II, Warcraft III, League of Legends and FIFA. Currently, there are few alternatives with the same popularity and the companies within MTG's esports vertical are therefore dependent on its ability to continue arranging leagues, tournaments and festivals where the most popular game titles are played. During the financial year 2019, esports vertical's net sales amounted to SEK 1,712 million. Such net sales were mainly generated from events where the above-mentioned game titles were played. MTG is neither the developer nor the publisher of such games and is therefore dependent on agreements with third parties (often the publishers of the games) to arrange leagues, tournaments and

festivals where the games are played. Generally, the agreements have terms of 1–3 years, and it cannot be guaranteed that MTG will be able to renew or extend the agreements on attractive terms or at all. If MTG is unable to arrange leagues, tournaments or festivals for the most popular game titles, MTG could have significant difficulties in attracting a paying audience and generating marketing revenue, which in turn could have a negative impact on MTG's net sales and results.

*MTG is dependent on its ability to arrange physical events that attract audiences, sponsors and advertisers*

The net sales of the esports vertical are mainly generated from sponsorship agreements as well as sales of media rights, tickets and souvenirs in connection with the arrangement of esports leagues, esports tournaments and esports festivals in Europe, North America, South America and Asia. DreamHack esports festivals include a number of esports competitions, exhibitions and BYOC/LAN parties. For example, DreamHack hosted twelve festivals on four different continents in 2019. During the first nine months of 2020, net sales of the esports vertical amounted to SEK 885 million (to be compared with SEK 1,196 million during the first nine months of 2019). The outbreak of covid-19 was a major reason for the reduced net sales within the esports vertical during 2020. Due to the virus, physical events were moved online, postponed to 2021 and in some cases cancelled. MTG hopes and believes that there will be a recovery with respect to physical events during the second half of 2021, but MTG may be wrong and it could take longer time before MTG is able to arrange physical events in the same way as before the outbreak of covid-19. Accordingly, due to covid-19 (incl. existing and potential future variations of the virus), there is a risk that both audience and advertising revenues will be lower than they otherwise would have been during at least the financial year 2021.

In addition to pandemics and other similar health risks, MTG, as an organiser of physical events, is also exposed to security risks in the form of, for example, terrorist attacks or other attacks on or accidents at MTG's events (such as thefts, fires or other events that expose the audience to risks of crimes or other types of danger). Should such events occur, there is a risk that MTG has to cancel events or that public's trust in MTG's ability to arrange safe events will be damaged to such an extent that it affects MTG's ability to attract audiences and sponsors and generate related revenue, which in turn could have a negative impact on MTG's net sales and results.

*MTG is dependent on its ability to create digital content that attracts audiences, sponsors and advertisers*

The companies within MTG's esports vertical arrange high-profile leagues and tournaments online under their own brands ESL Pro Tour, ESL One, Intel Extreme Masters and ESL Pro League in games such as CS:GO, Dota 2, Starcraft II and Warcraft III. The ESL events at the Pro Tour level have historically attracted several million viewers each year. The biggest tournament this far is ESL One Cologne which had over 500,000 viewers. IEM season XIV in CS:GO (2019) consisted of four tournaments, of which the final, which was the last competition in the ESL Pro Tour, had over one million viewers. Due to the large number of viewers, these events have historically generated significant sponsorship and advertising revenues for the companies within

MTG's esports vertical, for which net sales amounted to SEK 885 million during the first nine months of 2020. The online events are mainly made available to viewers on global digital distribution platforms such as Twitch, Youtube and Huya, but also via certain linear channels. Currently, there are few alternatives to such established distribution platforms and since MTG does not own the distribution platforms, MTG is dependent on the agreements with the companies that provide the platforms. Even in cases where MTG has multi-year agreements (such as with Twitch), there is a risk that the companies that provide the distribution platforms breach or terminate the agreements with MTG. In connection with the entering into new agreements or contract extensions, there is also a risk that MTG and the companies that provide the platforms are not be able to agree on terms that are commercially attractive for MTG. If these risks occur, there is a risk that MTG is not be able to arrange digital esports events in the way that MTG desires or at all. In addition, MTG's dependency on the distribution platforms means that MTG is dependent on the operational reliability and performance of the platforms when MTG is to arrange an event. For example, if disruptions or interruptions occur on the platforms in connection with broadcast of a tournament arranged by MTG, there is a risk that the audience viewing figures decrease significantly at both the individual affected tournament and at future events, if the technical disruptions or interruptions would damage the trust in MTG's ability to organise high quality events. If any of the above risks were to materialise, it could have a negative impact on MTG's net sales and results.

*MTG could in a short time lose market shares to existing or new competitors*

MTG's esports vertical consists of the portfolio companies ESL Gaming (following the merger of ESL and DreamHack) and DreamHack Sport Games. ESL Gaming and DreamHack Sport Games create various forms of entertainment in esports by organising international and national leagues, tournaments for professional players and amateurs, and esports festivals. During the financial year 2019, the esports vertical's net sales amounted to SEK 1,712 million (corresponding to 40.3 per cent of MTG's total net sales during the period). During the same period, the esports vertical's EBIT amounted to SEK -430 million, corresponding to an EBIT margin of -25 per cent. The revenues of the esports vertical is mainly generated from sponsorship agreements, sales of media rights, marketing revenues, ticket revenues and sales of souvenirs related to the above-mentioned events. In order to increase revenue generation and create shareholder value, MTG works actively within the esports vertical to grow both the esports audience and the number of esports players. To succeed in this ambition, MTG believes that it is important to attract the best esports teams to play the most popular games in the leagues and tournaments that MTG organises. According to MTG, an important factor for being successful in attracting the best esports teams is the ability to offer attractive terms in the form of prize money and other rewards for the participation as well as the most popular games. MTG selectively enters into agreements with the best esports teams (such as the so-called "Louvre agreement" with thirteen of the world's best CS:GO teams) and the most popular games, but such agreements

rarely provide MTG with any exclusive rights. Accordingly, should a competing esports company offer higher prize money or more attractive terms or conditions for playing the same game titles that are played at any of MTG's leagues, tournaments or festivals, there is a risk that the best teams decide to participate in the competitor's leagues, tournaments or festivals instead of those organised by MTG. Accordingly, for financially strong parties that have the ability to offer high prize money and widely market their events, the barriers to entry are relatively low and there is thus a risk that MTG will face great competition in the esports vertical at short notice. Even if a new competitor would not be successful in the long term, it could still affect the market in a way that forces MTG to pay higher compensation and prize money and increase its marketing costs or makes it difficult for MTG to attract sponsors and advertisers. Consequently, increased competition from existing or new organisers of esports events could have a negative impact on MTG's net sales, results and profitability.

### **Other business and industry-related risks**

#### *MTG could fail to grow through acquisitions and investments in companies with high potential*

MTG mainly consists of companies that MTG has acquired in recent years (see for example the sections "*Business overview–Introduction*" and "*Business overview–History*"). In addition to organic growth, MTG's strategy is to continue to grow through acquisitions and investments in companies with high potential. In order for MTG's acquisition strategy to be successful and generate profitable growth, MTG must identify suitable companies or businesses to acquire on relevant geographic markets, perform adequate due diligence reviews, negotiate favourable terms and conditions for each transaction, and obtain necessary permits or governmental approvals (e.g. from competition authorities). Within the gaming vertical in particular, MTG has several competitors who are actively working to acquire gaming companies and there is a risk that MTG will meet strong competition in acquisition processes, with e.g. higher purchase prices or fewer potential acquisition candidates as an immediate consequence. In order to be able to carry out acquisitions of companies, MTG is also dependent on its access to financing. Access to external financing is affected by a number of factors, including market conditions, general access to loan financing and MTG's creditworthiness and credit capacity. For example, disruptions and uncertainties in the capital markets and credit markets or MTG's lack of creditworthiness or credit capacity may consequently limit access to the capital that MTG needs to acquire companies. If MTG is unable to carry out acquisitions or investments in companies or businesses in accordance with its active acquisition strategy, this could have a negative impact on MTG's growth.

#### *MTG could fail in connection with the integration of acquired companies and businesses*

If MTG carries out an acquisition, there is a risk that the profitability or the cash flow that the acquired entity is expected to generate, e.g. to justify the purchase price, is not generated, or that benefits, including growth or expected synergies, are not realised within the time frame expected by MTG (or at all). MTG's assessment of, and assumptions

regarding, the acquired business may prove to be inaccurate and the actual development of the acquired business may differ significantly from MTG's expectations. In addition, acquisitions of companies or businesses may lead to MTG becoming subject or exposed to unknown or unexpected liabilities or costs related to, for example, the acquired business' customers and employees as well as to authorities. Given that the sellers of the acquired businesses often possess skills and experiences that are important for MTG, it is generally important for MTG to succeed in retaining and motivating such persons after they have become a part of MTG. If the actions taken by MTG in order to create incentives to keep working for MTG involve economic incentives, there is a risk that MTG due to incorrect interpretation or application will not comply with applicable tax regulations or common practise. For example, MTG may offer sellers to reinvest part of the purchase price in new shares in MTG – like in the acquisition of Hutch in December 2020 – or in MTG's subsidiaries. New issues of such shares are carried out at an estimated market value and if the valuation of the shares subsequently is considered incorrect, this may lead to MTG being required to pay significant amounts in tax, interest and other fees. There is also a risk that key personnel of the acquired business terminate their employments (and potentially start businesses competing with MTG) or that there is dissatisfaction among the personnel, which may result in MTG failing to integrate the acquired business or benefit from the acquired business as MTG has expected. In addition, the integration process may require more resources than expected and could in other ways interfere with MTG's operations, for example due to unforeseen issues of a legal, contractual or other nature, issues with the realisation of operational synergies or failure to maintain a good quality of service as well as good internal governance and control. As MTG's strategy is to grow through acquisitions and investments in companies with high potential, MTG may be exposed to, among other things, the above acquisition-related risks on several occasions. The fact that the risks are not materialised in connection with one acquisition does not mean that the risks will not materialise in connection with another acquisition. If any of the above acquisition-related risks materialise, it could have a negative impact on MTG's growth.

#### *MTG could fail with its internal governance and control*

MTG has a decentralised business model where the operating subsidiaries within the esports and gaming verticals, of which some have minority owners, are responsible for creating esports content, organising leagues, tournaments and festivals and developing and selling mobile games and browser games. Consequently, the executives responsible for the operations of each subsidiary have a significant independence to lead the business, which includes e.g. responsibility for customer relations, sales, and personnel for the subsidiary's profitability. The work at group level is primarily focused on overall strategy work, internal governance and control, company acquisitions and external disclosure of information (as regards financial and other information in accordance with applicable laws and regulations). The decentralised business model places significant requirements on MTG's systems and routines for internal governance and control, as well as on internal financial reporting. The effectiveness of MTG's internal management

and control is fundamental for MTG's ability to provide reliable financial information to the market and to prevent MTG's employees from acting incorrectly (by mistake or fraud) in relation to MTG or to its customers and suppliers. The decentralised business model entails a risk that MTG is not able to manage internal risks or identify areas where internal controls require improvements. If MTG fails to establish, maintain and apply appropriate and effective routines and procedures for internal governance and control (as regards both current subsidiaries and future acquired subsidiaries), it may result in MTG becoming subject to supervisory measures and sanctions from local authorities or in MTG's reputation among investors and other stakeholders being damaged, which may have a material adverse effect on MTG's revenues and operating costs. Due to the decentralised organisation, MTG's internal governance and control and ability to deliver in accordance with the Group's established strategic initiatives depends on certain key people in MTG's central organisation, including employees working with company acquisitions and internal and external reporting of financial and other information. If any of the people who currently have significant roles within MTG fail or stops to provide MTG with their expertise, there is a risk that MTG does not achieve its strategic objectives or that there will be shortcomings in MTG's internal governance and control. Consequently, if MTG would be unsuccessful in retaining or recruiting people with relevant knowledge, there could be disruptions or interruptions in MTG's growth.

### Legal risks

#### *MTG could be involved in disputes and other legal proceedings*

MTG is from time to time involved in disputes and other legal proceedings. Historically, a large proportion of such disputes have involved legal proceedings against customers of primarily the companies within the esports vertical that have not paid agreed fees or for sponsorships on time or at all. In addition, MTG operates in a technology-intensive industry that is characterised by rapid technological development and complexity. Consequently, there is a risk that MTG is subject to claims based on non-compliance with license conditions or alleged or actual intellectual property infringements, for example due to the use of third-party components and so-called *open source* software. Such claims can be made – and have historically been made – both by legitimate actors and so-called “patent trolls”, which business concept is to acquire and prosecute intellectual property rights. Disputes of such or other types can be time-consuming, disrupt daily operations, involve large sums and entail significant costs for MTG, regardless of whether it is MTG or the other party that initiates the dispute. If MTG were to be involved in disputes, it could have a material adverse effect on MTG's revenues and expenses.

#### *MTG could fail to comply with laws and regulations regarding the handling of personal data*

As of 30 September 2020, MTG had 2.2 million daily active users and 9.4 million monthly active users within the gaming vertical. During the financial year 2019, the average number of employees in continuing operations was 1,000. As a result,

MTG processes large amounts of personal data in its operations. MTG's customer base consists of private individuals and MTG implements marketing measures that are to some extent based on data profiling. Accordingly, MTG is required to comply with data protection and privacy laws in the jurisdictions in which MTG operates, including the EU Data Protection Regulation (“**GDPR**”). Such laws restrict MTG's ability to collect and use personal information relating to, *inter alia*, its products and services, customers and users of its products and services and third parties, including the marketing use of that information. GDPR sets out administrative sanctions and an extended civil liability with a reversed burden of proof of compliance on behalf of the data controller. GDPR also sets out extensive documentation obligations and high transparency requirements, which affect not only initial data collection but also monitoring and investigations. There is a risk that MTG has not implemented GDPR or other applicable data protection rules in the manner and to the extent required and MTG's efforts to apply the GDPR may not lead to expected results. Accordingly, MTG is exposed to the risk that personal data is wrongfully appropriated, lost or disclosed, or processed in breach of applicable data protection regulation, by MTG or by third party contractors (on behalf of MTG). Consequently, MTG could face liability under applicable data protection laws. Liability could arise if MTG or any third-party service provider on which MTG relies fail to transmit customer information securely or if any such loss of personal customer data were otherwise to occur. In addition, should MTG face liability under, for example, GDPR, MTG may be subject loss of reputation, declines in the number of recurring customers and affect potential new customers' willingness to use MTG's products and services. For example, there were four personal data incidents during the financial year 2019 that were reported to the competent data protection authorities. As of the date of the prospectus, none of these personal data incidents have resulted in any complaints from the data subjects or any supervisory matters with data protection authorities. However, it cannot be ruled out that complaints or supervisory matters concerning these or any other personal data incidents will be raised or initiated in the future. Should MTG commit breaches of the GDPR or other applicable data protection and privacy laws, it could have a negative impact on MTG's operations and results.

### Financial risks

#### *If MTG does not carry out the Rights Issue, MTG could fail to make payments due to lack of working capital or access to external financing*

MTG's indebtedness increased significantly in December 2020 due to the acquisition of the additional 17 per cent of the shares in InnoGames and the acquisition of Hutch. The purchase price for the shares in InnoGames of EUR 113.6 million was financed through a vendor note due on 31 March 2021 and the initial cash purchase price for the acquisition of Hutch was financed through a bridge loan facility of SEK 1,800 million with an initial term of six months (with option to extend the term for another six months) – see the section “*Capitalisation, indebtedness and other financial information—Financing arrangements related to the acquisitions of Hutch and additional shares in InnoGames in December 2020*”.

MTG intends to use the expected net proceeds from the Rights Issue of SEK 2,522 million primarily to repay the bridge loan facility and secondarily as a part of the financing of the repayment of the vendor note (together with available cash and cash equivalents). If MTG does not take the net proceeds that MTG receives in the event of a fully subscribed Rights Issue or, if necessary, MTG's potential ability to raise alternative financing into account, MTG assesses that the existing working capital will not be sufficient for MTG's needs during the coming twelve-month period (see the section "*Capitalisation, indebtedness and other financial information—Working capital statement*"). If MTG is unable to carry out the Rights Issue or if the proceeds that MTG receives from the Rights Issue do not cover the repayment of both the vendor note and the bridge loan facility, MTG may be required to use more of its cash and cash equivalents than expected and to seek additional financing. MTG's access to such financing depends on a number of factors, including market conditions, general access to loan financing and MTG's creditworthiness and credit capacity. For example, disturbances and uncertainties in the capital and credit markets or MTG's lack of creditworthiness or credit capacity may consequently limit access to the capital that MTG needs to refinance the bridge loan facility or the vendor note. If MTG, in the above situation, is unable to obtain the necessary external financing on terms attractive to MTG or at all, it could have a negative impact on MTG's operations, results and financial position.

*MTG's assumptions on which the valuation of goodwill is based may be incorrect or need to be changed*

Over the past five years, MTG has acquired shares in Turtle Entertainment (now ESL Gaming), DreamHack, InnoGames, Kongregate and Hutch, and MTG's strategy is to continue to grow through acquisitions and investments in companies with high potential. In connection with its acquisitions, MTG prepares purchase price analysis in which MTG values the acquired entity's identifiable assets and liabilities at fair value. If there is a discrepancy between this value and the purchase price paid by MTG, MTG reports the difference as goodwill. For subsidiaries that are not wholly owned, MTG reports the part of total equity that belongs to external shareholders as non-controlling interests. MTG applies two methods for reporting non-controlling interests and goodwill. One method is to report non-controlling interests in its share of the fair value of the acquired company. The second method is to report the holding at its share of the fair value of the acquired net assets. The former method (full goodwill method) leads to a higher value of the holding and goodwill than the latter method (partial goodwill method). MTG decides which method to apply based on the circumstances of the individual case. As of 30 September 2020, MTG reported goodwill of SEK 3,969 million, corresponding to 45.2 per cent of MTG's assets. MTG's goodwill has an indefinite useful life and is not amortised. However, MTG tests goodwill for impairment at least annually or more frequently if events or changes in circumstances indicate a potential depreciation. If MTG makes an impairment of goodwill, this will be reported as an expense (impairment of goodwill) in the income statement. Any significant impairment of goodwill can therefore have a negative impact on MTG's results and financial position.

*Currency fluctuations can affect MTG's net sales and earnings*

MTG's reporting currency is SEK. However, MTG operates through subsidiaries in several different countries. Revenues are generated and costs therefore arise in several different currencies (including SEK, EUR, GBP and USD). MTG's exposure to currency fluctuations primarily relates to recalculation effects on consolidation of the assets and liabilities of MTG's foreign subsidiaries. MTG does not currently hedge currency exposures with derivatives. For the third quarter of 2020, MTG reported negative exchange rate effects on MTG's net sales of four per cent (which can be compared with the underlying organic sales growth of +12 per cent in gaming and -40 per cent in esports). Consequently, exchange rate fluctuations between SEK and other currencies used in other jurisdictions in which MTG operates may have a negative impact on MTG's reported sales growth and earnings.

**Risks related to the shares in MTG**

*The share price can be volatile and its development can depend on a number of factors*

An investment in shares can increase or decrease in value and there is a risk that an investor loses the invested capital. During the second half of 2020, the volatility (based on registered closing prices) on Nasdaq Stockholm for MTG's Class A Share was approximately 39 per cent (low price SEK 95 and high price SEK 157) and for MTG's Class B Share approximately 28 per cent (low price SEK 104 and high price SEK 156.7). The share price can consequently be very volatile. The development of the share price can depend on several factors, some of which are company-specific while others are related to the stock market in general. The share price may, among other things, be affected by supply and demand, variations in actual or expected results, inability to meet analysts' expectations on results, failure to achieve financial and operational targets, changes in general economic or regulatory conditions or by pandemics, such as Covid-19. There is also a risk that there will not be an active and liquid market for trading in MTG's shares at any given time. These are significant risks to individual investors.

*Future issuances of shares or other securities could dilute the shareholding and have an adverse effect on the share price*

MTG may in the future need to raise additional capital in order to finance its operations or to carry out planned investments (such as acquisitions of companies or businesses). For example, issuances of additional securities or bonds could reduce the market value of MTG's shares as well as dilute the financial rights and voting rights for existing shareholders unless existing shareholders are given preferential rights in the issue or if existing shareholders for some reason are unable, prohibited or unwilling to exercise any preferential rights.

***MTG's ability to pay dividends in the future might be limited and is dependent on several factors***

The newly issued Class B Shares entitle to a dividend only from the first record date that falls after the Rights Issue has been registered with the Swedish Companies Registration Office. Since the split between MTG and NENT Group, MTG has not paid any dividends. Currently, MTG's dividend policy is to invest profits and cash flow in the development of its portfolio of holdings. Accordingly, MTG does not expect any dividends or share repurchases in the foreseeable future. If MTG's board submits proposals for dividends to the general meeting, the board of directors shall consider a number of factors, including the requirements that the nature, scope and risks of the business place on the size of the Company's and Group's equity and the Company's and Group's consolidation needs, liquidity and overall position. MTG's ability to pay dividends in the future and the size of any such dividends are consequently dependent on MTG's future profit, financial position, cash flows, need for net working capital, investment costs and other factors. Under Swedish law, there are provisions that prescribes that dividends may only take place if, after the dividend, there is full coverage for the Company's restricted equity. There is also a risk that MTG decides to re-invest any future profits in the business, that the general meeting of MTG decides not to pay dividends in the future or that MTG will not have sufficient funds to pay dividends.

***Specific risks for shareholders outside Sweden***

MTG's shares are only listed on Nasdaq Stockholm in SEK and MTG will only pay any dividends in SEK. Consequently, shareholders domiciled outside Sweden can be negatively affected by a fall in the value of SEK in relation to the shareholders reference currency in respect of share investments and dividends. Certain jurisdictions, including but not limited to, Australia, Japan, Canada, Hong Kong, Japan, New Zealand, South Africa, Singapore, Switzerland and the United States, may also have securities legislation that may result in shareholders domiciled in such jurisdiction not being able to participate in new issuances and other public offerings of securities. Accordingly, if MTG in the future issues new shares with preferential rights for the Company's shareholders, shareholders in such jurisdictions might become subject to restrictions resulting in, for example, such shareholders not being able to exercise their preferential rights or their participation otherwise being obstructed or subject to restrictions. Such restrictions constitute a significant risk for shareholders in the United States and in other jurisdictions where such restrictions apply.

**Risks relating to the Rights Issue*****There is a risk that trading in subscription rights and paid subscribed shares will be restricted***

Any shareholder who on the record date is registered as a shareholder in MTG will receive subscription rights in proportion to the shareholder's existing shareholding (irrespective of the class of share held). The subscription rights are expected to have an economic value that the holder can only benefit from if he either uses them to subscribe for new Class B Shares no later

than 10 February 2021 or sells them no later than 8 February 2021. After 8 February 2021, without notice, unused subscription rights will be cancelled from the holder's securities account (Sw. *VP-konto*), whereby the holder completely loses the expected financial value of the subscription rights. Both subscription rights and paid subscribed shares (Sw. *betalade tecknade aktier*) which, after payment has been made, are booked into securities account belonging to those who have subscribed for new Class B Shares, will be subject to time-limited trading on Nasdaq Stockholm. Trading in these instruments may be limited, which could make it difficult for individual holders to sell their subscription rights and/or paid subscribed shares and thus prevent the holder from being compensated for the financial dilution effect that the Rights Issue will have (see risk factor "*Shareholders not participating in the Rights Issue will be affected by dilution*" below) respectively during the period in which trading with paid subscribed shares is expected to take place on Nasdaq Stockholm (from 27 January 2021 to 19 February 2021). Investors therefore run the risk of not being able to realise the value of their paid subscribed shares. Such circumstances would constitute a significant risk for individual investors. Limited liquidity may also strengthen fluctuations in the market price for subscription rights and/or paid subscribed shares. The price structure of these instruments could therefore be incorrect or misleading.

***Shareholders not participating in the Rights Issue will be affected by dilution***

If shareholders choose not to exercise or sell their subscription rights in the forthcoming Rights Issue in accordance with the procedure described in this prospectus, the subscription rights will expire without value and the holder will not be entitled to compensation. As a consequence, the proportional ownership and voting rights of such shareholders will be reduced. Shareholders who choose not to participate in the Rights Issue will have their shareholding diluted by not more than 28,320,697 new Class B Shares, corresponding to approximately 29.3 per cent of the total number of shares in MTG after the Rights Issue and 27.9 per cent of the total number of votes in MTG after the Rights Issue. Such shareholders will not be compensated for the dilution of MTG's earnings per share that the Rights Issue could cause. Their relative proportion of MTG's equity will also decrease. If shareholders choose to sell the subscription rights they did not exercise or if the subscription rights are sold on behalf of the shareholder, there is a risk that the compensation the shareholder receives for the subscription rights in the market will not be equivalent to the financial dilution of the shareholders' holding in MTG after the completion of the Rights Issue.

***The subscription commitments regarding the Rights Issue are not secured and the declarations of intent to subscribe for pro rata shares are not binding***

In connection with the announcement of the Rights Issue on 17 December 2020, several of MTG's largest institutional shareholders, together representing approximately 46 per cent of the total number of shares in MTG, informed MTG of their intentions to subscribe for their respective *pro rata* shares in the Rights Issue.<sup>1)</sup> In addition, the shareholding members of the

1) The shareholdings are calculated excluding the 304,880 Class B shares held by MTG, which will not entitle MTG to subscribe for any Class B shares in the Rights Issue. The institutional shareholders' respective shareholdings refer to their holdings as of December 2020.



board of directors and executive management which holds a total of approximately 0.5 per cent of all shares in MTG have undertaken to subscribe for their *pro rata* shares of the Rights Issue. The institutional investors' declarations of intent to subscribe for their respective *pro rata* shares of the Rights Issue are not binding and it is not certain that these institutional investors will subscribe for any Class B Shares in the Rights Issue. The institutional investors who have submitted declarations of intent have not entered into any lock-up undertakings and, accordingly, they are free to sell both their shares in MTG and any subscription rights received in connection with the Rights Issue. The subscription commitments of the shareholding members of the board of directors and executive management are indeed binding, but they are not secured by, for example, a bank guarantee. Consequently, there is a risk that one or more of the said parties will not be able to fulfil their respective declarations of intent or subscription commitments. If this is the case, it may have a negative impact on MTG's ability to carry out the Rights Issue and MTG may receive less proceeds than MTG expects, which in turn may have a negative impact on MTG's ability to pay its current liabilities as they fall due for payment (see sections "*Background and reasons*" and "*Capitalisation, indebtedness and other financial information—Working capital statement*").



# INVITATION TO SUBSCRIBE FOR SHARES IN MTG

On 17 December 2020, MTG's board of directors decided to increase the Company's share capital through a new issue of Class B Shares with preferential rights for MTG's shareholders, subject to the subsequent approval of a general meeting. The board's resolution on the rights issue was approved at an extraordinary general meeting on 21 January 2021.

The Rights Issue will increase MTG's share capital by not more than SEK 141,603,485, from SEK 341,372,775 to not more than SEK 482,976,260, through the issuance of not more than 28,320,697 new Class B Shares. After the Rights Issue, the total number of shares in MTG will be not more than 96,595,252 shares (545,662 Class A Shares and 96,049,590 Class B Shares).<sup>1)</sup> MTG's shareholders have preferential rights to subscribe for the new Class B Shares in relation to the number of shares held on the record date 25 January 2021 (irrespective of the class of shares held).

Those who are registered as shareholders in MTG's share register maintained by Euroclear Sweden AB on the record date 25 January 2021 receive one (1) subscription right for each share held in MTG (irrespective of the share class, *i.e.*, both holders of Class A Shares and holders of Class B Shares will receive subscription rights for new Class B Shares). Twelve (12) subscription rights entitle to subscription for five (5) new Class B Shares. Only entire new Class B Shares can be subscribed for (*i.e.*, no fractions). To the extent that new Class B Shares are not subscribed for with subscription rights, these shall be allotted to shareholders and other investors who have subscribed for shares without subscription rights in accordance with what is set out in the section "*Terms and instructions*". Subscription shall take place during the period from and including 27 January 2021 to and including 10 February 2021 or the later date determined by the board of directors, and otherwise in accordance with what is set out the section "*Terms and instructions*". Shareholders who choose not to participate in the Rights Issue will have their shareholding diluted by up to approximately 29.3 per cent and their voting share diluted by up to approximately 27.9 per cent (calculated including the 304,880 Class B Shares held by MTG on the date of the prospectus).

The subscription price is SEK 90 per Class B Share, which means that a fully subscribed Rights Issue will provide MTG with proceeds of SEK 2,549 million before deduction of transaction costs.

In connection with the announcement of the Rights Issue on 17 December 2020, several of MTG's largest institutional shareholders, together representing approximately 46 per cent of the total number of shares in MTG, informed MTG of their intentions to subscribe for their respective *pro rata* shares in the Rights Issue. In addition, the shareholder members of the board of directors and senior management of MTG, representing in 0.5 per cent of the total number of shares in MTG, have undertaken to subscribe for their *pro rata* shares of the share issue.<sup>2)</sup>

Stockholm on 22 January 2021

**Modern Times Group MTG AB (publ)**  
*The board of directors*

1) The extraordinary general meeting on 21 January 2021 resolved on a directed new issue of 627,431 Class B Shares to certain sellers of Hutch, through which the number of shares in MTG will increase from 67,647,124 shares (of which 545,662 Class A Shares and 67,101,462 Class B Shares) to 68,274,555 shares (of which 545,662 Class A Shares and 67,728,893 Class B Shares).

2) The shareholdings are calculated excluding the 304,880 Class B shares held by MTG, which will not entitle MTG to subscribe for any Class B shares in the Rights Issue. The institutional shareholders' respective shareholdings refer to their holdings as of December 2020.

# BACKGROUND AND REASONS

MTG is a holding and investment company in the entertainment sector with a focus on the two rapidly growing sectors esports and gaming. MTG's strategy is to drive profitability and organic growth in the portfolio companies and to invest in esports and gaming companies with high potential that complement MTG's brands and products. Until December 2020, the gaming vertical mainly consisted of InnoGames and Kongregate. InnoGames is a German game developer and publisher of so-called free-to-play games with an internally developed games portfolio consisting of seven strategy and city builder games for browser and mobile. Kongregate is a US-based developer and publisher of free-to-play games for browser and mobile with fifteen proprietary games in the Idle Games genre. During the third quarter of 2020, MTG's gaming vertical had a total of 9.4 million monthly players.

On 7 December 2020, MTG announced the acquisition of an additional 17 per cent of the shares in InnoGames, thereby increasing its shareholding in InnoGames to 68 per cent. In connection with this, on 8 December 2020, MTG also announced the acquisition of Hutch, a company that develops and provides games in the racing genre for mobile platforms. Hutch has an in-house developed games portfolio consisting of thirteen games and as of 30 September 2020, the company had 70 game developers employed. During the first nine months of 2020, Hutch had an average of 5.4 million monthly players, net sales corresponding to SEK 356 million and an EBIT corresponding to SEK 93.0 million (UK GAAP). In connection with the InnoGames transaction, MTG also established a new holding company, MTG Gaming AB, which owns 100 per cent of the shares in InnoGames, Kongregate and Hutch. As of the date of the prospectus, MTG holds 77.35 per cent of the votes and capital in MTG Gaming AB.

Following the acquisition of Hutch, MTG is a significant player within game development with game titles in the strategy, city builder and racing genres for both browser and mobile. The more diversified game portfolio allows a more stable and better user acquisition as well as better profitability. The Hutch acquisition also provides an increased access to innovation and new growth opportunities with a larger number of skilled game developers. The ambition is that MTG, through the acquisition of Hutch, shall attract a broader target group of players and the ambition is that the companies within the gaming vertical shall be able to use each other's expertise in order to realise synergies in, for example, marketing and sales. Overall, the new MTG will be better positioned to compete on the international gaming market.

The acquisition of Hutch was initially financed with MTG's existing cash and a bridge loan facility of SEK 1,800 million from DNB Bank ASA, Sweden branch and Swedbank. The acquisition of the additional shares in InnoGames was initially financed through a vendor note of a preliminary amount of EUR 113.6 million, which MTG is to repay not later than on 31 March 2021.<sup>1)</sup> The Rights Issue will provide MTG with proceeds of SEK 2,549 million upon full subscription, before deduction of issue costs of SEK 27 million. MTG will use the expected net proceeds of SEK 2,522 million to repay the bridge loan facility of SEK 1,800 million and to repay the vendor note of a preliminary amount of EUR 113.6 million (together with additional existing cash and cash equivalents of SEK 419 million).

## Working capital statement

MTG's assessment is that the existing working capital is not sufficient for MTG's needs during the coming twelve-month period.

According to MTG's assessment, the working capital shortfall for the coming twelve-month period amounts to SEK 2,080 million. The main reasons for the shortfall are the vendor note of EUR 113.6 million that MTG issued in connection with the acquisition of additional shares in InnoGames and the bridge loan facility of SEK 1,800 million that MTG raised in connection with the acquisition of Hutch.

As of 31 December 2020, MTG's cash and cash equivalents amounted to SEK 1,152 million. If MTG does not take into account the net proceeds of SEK 2,522 million received in the event of a fully subscribed Rights Issue or MTG's potential ability to raise alternative financing, MTG estimates that a working capital shortfall of SEK 125 million will arise when the vendor note falls due for payment on 31 March 2021 and a working capital shortfall of SEK 2,066 million will arise when the bridge loan facility falls due for payment on 2 December 2021. Should the Rights Issue not be

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1) The preliminary amount of the vendor note of EUR 113.6 million is based on an estimated level of InnoGames' net debt and working capital and the amount is subject to a potential adjustment during the first or second quarter of 2021 based on actual levels according to InnoGames' audited accounts for the financial year 2020.

subscribed for to such an extent that MTG is able to repay the bridge loan facility with the proceeds from the Rights Issue and should MTG at the same time not be successful in raising alternative financing for the repayment of the bridge loan facility, there is a risk that MTG will breach certain financial covenants related to MTG's available cash and leverage at the test date for such financial covenants falling on 30 June 2021. Should MTG breach any of the financial covenants, the lending banks may declare that the bridge loan facility be immediately due and payable, which would result in MTG's working capital shortfall related to the repayment of the bridge loan facility arising already on of 30 June 2021 (or at the later date when the lending banks declare that the Company has breached the financial covenants, in accordance with the terms and conditions of the bridge loan facility). For more information on the financial covenants and the terms and conditions of the bridge loan facility, see the sections "*Capitalisation, indebtedness and other financial information—Financing arrangements related to the acquisitions of Hutch and additional shares in InnoGames in December 2020*".

However, in the event of full subscription, the Rights Issue will provide MTG with proceeds of SEK 2,549 million before issue costs of SEK 27 million. MTG will use the net proceeds from the Rights Issue to repay the bridge loan facility of SEK 1,800 million and to repay the vendor note of a preliminary amount of EUR 113.6 million (together with part of MTG's cash and cash equivalents). Based on the assumption that the Rights Issue is fully subscribed for and that MTG's liquidity forecast as of the date of the prospectus does not change until MTG repays the vendor note and the bridge loan facility, MTG's board of directors assesses that MTG's working capital will be sufficient for MTG's needs during the next twelve months after the completion of the Rights Issue. If MTG is unable to carry out the Rights Issue or if the proceeds raised from the Rights Issue do not cover the repayment of both the vendor note and the bridge loan facility, MTG may be forced to use a larger portion of its cash and cash equivalents than expected and also seek additional financing. MTG's assessment is that the conditions for raising any additional loan financing are good.

*The board of directors of MTG is responsible for the information in the prospectus and to the best of its knowledge, the information contained in the prospectus is in accordance with the facts and the prospectus makes no omission likely to affect its import.*

Stockholm on 22 January 2021

**Modern Times Group MTG AB (publ)**  
*The board of directors*

# TERMS AND INSTRUCTIONS

## Preferential rights and subscription rights

Those who are registered as shareholders in MTG's share register maintained by Euroclear Sweden AB on the record date 25 January 2021 will receive one (1) subscription right for each share held in MTG (irrespective of the share class, *i.e.*, both holders of Class A Shares and holders of Class B Shares will receive subscription rights for new Class B Shares). Twelve (12) subscription rights entitle to subscription for five (5) new Class B Shares. Only entire new Class B Shares can be subscribed for (*i.e.*, no fractions).<sup>1)</sup> Application for subscription for new Class B Shares can also be made without subscription rights. Such applications must be made on the application form "*Subscription of shares without subscription rights*", see the section "*Subscription of Class B Shares without subscription rights*" below.

The Rights Issue comprises not more than 28,320,697 Class B Shares. Shareholders who choose not to participate in the Rights Issue will, upon full subscription of the Rights Issue by other investors, have their shareholding diluted by approximately 29.3 per cent and their voting share diluted by approximately 27.9 per cent (calculated including the 304,880 Class B Shares held by MTG on the date of the prospectus). Shareholders can compensate themselves financially for the dilution effect by selling their subscription rights. Upon transfer of subscription rights, the preferential right passes on to the new holder of the subscription rights.

## Subscription price

The subscription price is SEK 90 per new Class B Share. MTG does not charge any fees or other costs in connection with the Rights Issue. No commission will be charged in connection with the Rights Issue.

## Record date

The record date for determining which shareholders are entitled to receive subscription rights in the Rights Issue is 25 January 2021. The Class A Shares and the Class B Shares have been traded without the right to receive subscription rights since today, 22 January 2021.

## Subscription period

Subscription for new B Shares shall take place during the period from and including 27 January 2021 to and including 10 February 2021. The board of directors has the right to extend the subscription period.

## Trading in subscription rights

Trading in subscription rights takes place on Nasdaq Stockholm during the period from and including 27 January 2021 to and including 8 February 2021 under the short name (ticker) MTG TR B. The ISIN code for the subscription rights is SE0015503594. Swedbank and other securities institutions

with the required licenses are at the service of arranging the purchase and sale of subscription rights. If a shareholder does not exercise his subscription rights by payment by 10 February 2021 or does not sell his subscription rights by 8 February 2021, such shareholders' unused subscription rights will lapse without value and the holder will not receive any compensation.

## Admission to trading of the new Class B Shares on Nasdaq Stockholm

The new Class B Shares will be admitted to trading on Nasdaq Stockholm in connection with the completion of the Rights Issue. MTG estimates that trading in the new Class B Shares will commence on or around 25 February 2021.

## Right to dividend

The new Class B Shares carry the right to a dividend for the first time on the record date for dividends that falls immediately after the new Class B Shares have been registered with the Swedish Companies Registration Office and entered in the share register of Euroclear Sweden.

## Publication of the outcome in the Rights Issue

MTG will announce the number of Class B Shares subscribed for in the Rights Issue through a press release on or around 12 February 2021.

## Issue statement

### *Directly registered shareholders*

Instructions in the form of a "How to subscribe" and "Questions and Answers" as well as a pre-printed issue statement with attached bank giro slip is sent to directly registered shareholders and representatives of shareholders who on the record date are registered in the share register kept by Euroclear Sweden on behalf of MTG, with the exception of those residing in certain unauthorised jurisdictions, see the section "*Shareholders in certain ineligible jurisdictions*" below. The issue statement shows, *inter alia*, the number of subscription rights received and the total number of new B Shares that can be subscribed for. A securities account notice regarding registration of subscription rights on securities account will not be sent. Shareholders who are included in the separate list of pledgee and guardians kept in connection with the share register do not receive an issue statement but are notified separately.

### *Nominee-registered shareholder*

Shareholders whose holdings are nominee-registered with a bank or other nominee do not receive any information letter or an issue statement. Subscription and payment shall instead take place in accordance with instructions from the respective nominee.

<sup>1)</sup> As of the date of the prospectus, MTG holds 304,880 Class B Shares, which will not entitle MTG to subscribe for any Class B shares in the Rights Issue.

**Shareholders in certain ineligible jurisdictions**

Allocation of subscription rights and new Class B Shares upon exercising subscription rights to persons residing in countries other than Sweden and the countries to which the prospectus will be passported (i.e. Denmark, Finland and Norway) may be affected by securities legislation in such countries. For example, shareholders who have their shares directly registered in securities accounts with registered addresses in certain Ineligible Jurisdictions such as Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Singapore, Switzerland, the United States (subject to certain exceptions) or any other jurisdiction where participation in the Rights Issue would require any additional prospectus, registration or other regulatory approval will not receive this prospectus. In addition, shareholders whose shares are directly registered and have registered addresses in Ineligible Jurisdictions will not receive any subscription rights in their securities accounts. The subscription rights that otherwise would have been delivered to such shareholders will be sold and the sale proceeds will be paid to such shareholders (with deduction of costs). Amounts from such sales that are less than SEK 100 will not be paid out.

Although nominees with directly registered holdings (unless they themselves have registered addresses in Ineligible Jurisdictions) are expected to have subscription rights credited to their securities accounts, shareholders resident in Ineligible Jurisdictions who hold through such nominees will, subject to certain exceptions, not be permitted to participate in the Rights Issue. Notwithstanding the above, in the United States, QIBs will be eligible to participate in the Rights Issue and permitted to participate if they shall have executed and delivered a QIB Letter in prescribed form to MTG. Nominees, custodians or other financial intermediaries holding shares for shareholders in MTG (i.e. nominee-registered shares) may not, without MTG's consent, or pursuant to instructions provided by MTG, MTG's financial advisers in connection with the Rights Issue or representatives of either of them, send this prospectus, the QIB Letter, the pre-printed issue statement or other materials in relation to the Rights Issue to shareholders who have an address in, or are located or resident in, an Ineligible Jurisdiction.

**Subscription for new Class B Shares through exercising subscription rights**

Subscription for new Class B Shares with subscription rights is made through a cash payment during the period from 27 January 2021 to 10 February 2021. After the end of the subscription period, subscription rights that have not been exercised will be invalid and will, without notification from Euroclear Sweden, be cancelled from the holder's securities account. In order not to lose the value of the subscription rights obtained, the holder must either:

- exercise the subscription rights and subscribe for new Class B Shares no later than 10 February 2021, or
- sell the subscription rights that have not been exercised by 8 February 2021.

An application for subscription for new Class B Shares on the basis of subscription rights is irrevocable and subscribers may not cancel or modify a subscription for new Class B Shares.

**Directly registered shareholders resident in Sweden**

Subscription for new Class B Shares with subscription rights is made through a cash payment, by using either the pre-printed bank giro slip or by the applicable application form with simultaneous payment according to one of the following alternatives:

- Bankgiro slip is used if all subscription rights according to the issue statement from Euroclear Sweden is to be used; or
- The notification form for subscription with subscription rights is used if subscription rights have been purchased, sold or transferred from another securities account or if for any other reasons a different number of subscription rights than those stated in the pre-printed issue statement are to be used for subscription. Payment for subscribed new Class B Shares must be made at the same time as the submission of the application form for subscription with subscription rights, which can be obtained from Swedbank, [www.swedbank.se/prospekt](http://www.swedbank.se/prospekt), or MTG, [www.mtg.com](http://www.mtg.com).

Payment of the exact amount must be received by Swedbank no later than 10 February 2021.

**Directly registered shareholders who are not residents in Sweden**

Directly registered shareholders who are not residents of Sweden and who are not subject to the restrictions described in the section "Shareholders in certain ineligible jurisdictions" and who cannot use the pre-printed bankgiro slip can pay in Swedish kronor (SEK) through a bank outside of Sweden in accordance with the following:

MTG AB (publ)  
c/o Swedbank Emissioner C66  
SE-105 34 Stockholm, Sweden  
SWIFT: SWEDSESS  
IBAN-number: SE0680000890117047443606  
Account name: MTG AB

Upon payment, the subscriber's name, address, security account number and the reference "MTG" must be provided. Application form and payment must be received by Swedbank, Emissioner C66, SE-105 34 Stockholm, Sweden no later than 10 February 2021.

**Nominee-registered shareholders**

Shareholders whose holdings are nominee-registered and who wish to subscribe for new Class B Shares with subscription rights shall register for subscription in accordance with instructions from its respective nominee.

### *Paid Subscribed Shares*

After subscription and payment of Class B Shares subscribed with subscription rights have been made, Euroclear Sweden will distribute a security notice as confirmation that the paid subscribed shares have been registered in the subscriber's account. The new Class B Shares subscribed for with subscription rights will be registered as paid subscribed shares in the account until registration of the Rights Issue has been made at the Swedish Companies Registration Office. Registration of Class B Shares subscribed with subscription rights is expected to take place at the Swedish Companies Registration Office on or around 16 February 2021. Thereafter, paid subscribed shares will be re-classified as Class B Shares, which is expected to take place on or around 25 February 2021. No security account notice will be sent in connection with this registration.

### *Trading with paid subscribed shares*

Paid subscribed shares regarding Class B Shares subscribed for with subscription rights will be admitted to trading on Nasdaq Stockholm. Trading with paid subscribed shares regarding Class B Shares subscribed with subscription rights is expected to take place on Nasdaq Stockholm from 27 January 2021 to 19 February 2021. Swedbank and other securities institutions are at service of brokering of purchase and sale of paid subscribed shares subscribed with subscription rights.

## **Subscription for Class B Shares without subscription rights**

### *Directly registered shareholders*

Notification of subscription for new Class B Shares with subsidiary preferential rights and without preferential rights (*i.e.* without subscription rights) must be made on the application form for subscription without subscription rights. Incomplete or incorrectly completed application form may be disregarded. Please note that the registration is binding. Only one application per person may be submitted. If several application forms are submitted, only the application form that first came to Swedbank will be considered.

A notification form can be obtained from Swedbank [www.swedbank.se/prospekt](http://www.swedbank.se/prospekt) or MTG [www.mtg.com](http://www.mtg.com). The application form must be sent to Swedbank AB (publ), Emissioner C66, SE-105 34 Stockholm, Sweden and be received by Swedbank no later than 10 February 2021.

### *Nominee-registered shareholders*

Shareholders whose holdings are nominee-registered and who wish to subscribe for new Class B Shares without the support of subscription rights may register for subscription in accordance with instructions from the respective nominee.

### *Requirement for NID/LEI number*

According to Directive 2014/65/EU of the European Parliament and of the Council, investors need to have a global identification code from 3 January 2018 in order to carry out a securities transaction. These requirements mean that legal persons need to apply for registration of a LEI code (Legal Entity Identifier) and natural persons need to find out their NID number (National

ID or National Client Identifier) to participate in the Rights Issue. Please note that it is the legal status of the shareholders that determines whether an LEI code or a NID number is needed and that an issuing institution may be prevented from performing the transaction for the shareholder in question.

## **Allocation of Class B Shares upon subscription without of subscription rights**

Should all new Class B Shares not be subscribed for with subscription rights, the board of directors shall resolve on the allotment of Class B Shares subscribed for without subscription rights in accordance with the following:

- *Firstly*, the new Class B Shares shall be allotted to those that have applied for subscription with subscription rights, regardless if they were shareholders on the record date on 25 January 2021 or not, in proportion to the number of subscription rights each such person exercised for subscription for Class B Shares, and where this is not possible, by drawing of lots.
- *Secondly*, the new Class B Shares shall be allotted to others that have applied for subscription without subscription rights and, in case of oversubscription, in proportion to the number of Class B Shares that each such person has applied to subscribe for, and where this is not possible, by drawing of lots.
- *Thirdly*, the new Class B Shares shall be allotted to any potential parties that have provided additional subscription commitments, if any, pursuant to specific agreements with the Company, in accordance with the terms and conditions of such potential agreements.
- *Ultimately*, the new Class B Shares shall be allotted to potential underwriters, if any, that have entered into underwriting agreements with the Company, in accordance with the terms and conditions of such potential agreements.

As confirmation of the allotment of new Class B Shares subscribed for without subscription rights, a settlement note will be sent to subscribers on or around 15 February 2021. No notice will be sent to subscribers who have not received an allotment. Subscribed and allotted new Class B Shares must be paid for in cash within two banking days in accordance with the instructions on the settlement note sent to the subscriber. After payment of subscribed and allotted new Class B Shares has taken place, and the new Class B Shares have been registered with the Swedish Companies Registration Office, Euroclear Sweden will send out a notice confirming the registration of the new Class B Shares in the subscriber's security account. No paid subscribed shares will be registered in the subscriber's security account, but the subscriber will receive Class B Shares immediately. Registration of Class B Shares subscribed for without preferential rights is expected to take place at the Swedish Companies Registration Office on or around 24 February 2021. Registration of Class B Shares in securities accounts is expected to take place on or around 25 February 2021. Nominee-registered shareholders receive notification of allotment and payment in accordance with the respective nominee's procedures.



### **Additional information and processing of personal data**

In the event that an excessive amount has been paid in by a subscriber for the new Class B Shares, MTG will arrange for the excess amount to be repaid. No interest will be paid for the excess amount. A subscription for new Class B Shares, with or without the support of subscription rights, is irrevocable and the subscriber may not cancel or modify a subscription for new Class B Shares. Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is paid in late, is insufficient or is paid incorrectly, notification of subscription may be submitted without consideration or subscription may be made with a lower amount. Paid payment that has not been used will in that case be repaid.

Swedbank is a so-called issuer agent for the Rights Issue, which means that Swedbank assists the Company with certain administrative services related to the Rights Issue. The fact that Swedbank is an issuer agent does not in itself mean that Swedbank considers the subscriber to be a customer of Swedbank. The subscriber is considered for the investment only as a customer at Swedbank if Swedbank has provided advice to the subscriber about the investment or otherwise has contacted the subscriber individually regarding the investment or if the subscriber has an existing customer relationship with the bank. The consequence of Swedbank not considering the subscriber as a customer for the investment is that the rules on investor protection in the Securities Market Act (2007: 528) (*Sw. lagen om värdepappersmarknaden*) will not be applied to the investment. This means, among other things, that neither so-called customer categorisation nor so-called suitability assessment will take place regarding the placement. The subscriber is thus responsible for ensuring it has sufficient experience and knowledge to understand the risks associated with the investment.

Anyone who subscribes for shares in the Rights Issue will submit personal information to Swedbank. Personal data provided to companies in the Swedbank group will be processed in computer systems to the extent necessary to provide services and administer customer engagement in the group. Personal data obtained from other than the customer to whom the processing relates may also be processed. It may also happen that personal data is processed in computer systems at companies and organisations with which companies in the Swedbank Group cooperate. For information about Swedbank and the savings banks' processing of personal data, please see the website or contact the customer centre or office of Swedbank or the relevant savings bank. Swedbank may obtain address information through an automatic data run at Euroclear Sweden.

If you have any questions regarding the Rights Issue, please contact + 46 (0) 480 404 116, your bank or your securities institution.

### **Important information on taxation**

The tax legislation in the investor's home country and in Sweden may affect any income received from Class B Shares in MTG.

The taxation of any dividend, as well as capital gains taxation and rules concerning capital losses in connection with disposal of securities, depends on the shareholder's particular circumstances. Special tax rules apply to certain categories of taxpayers and certain types of investment forms. Each holder of shares and subscription rights should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign tax rules and tax treaties.



# HOW TO SUBSCRIBE

Terms and conditions			
For each existing share (irrespective of share class) in MTG that you hold on the record date you receive one (1) subscription right. Twelve (12) subscription rights entitles to subscription for five (5) new Class B Shares. Subscription can also be made without subscription rights, but without preferential rights.			
Subscription price	Record date for the right to receive subscription rights	Subscription period	Trading in subscription rights
SEK 90 per Class B Share	25 January 2021	27 January–10 February 2021	27 January–8 February 2021

## Subscription for Class B Shares with the support of subscription rights

### 1. You are being allotted subscription rights

For each existing share (regardless of share class) in MTG that you hold on 25 January 2021 you receive one (1) subscription right	One (1) share in MTG	→	One (1) Subscription right
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### 2. How to exercise the subscription rights

Twelve (12) subscription rights + SEK 450 entitles to five (5) new Class B Shares	Twelve (12) subscription rights + SEK 450 (i.e. 90 × 5)	→	Five (5) new Class B Shares
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### 3. Are you a directly registered shareholder of shares or do you have shares with a nominee?

You have a securities account (i.e. you are directly registered) and live in Sweden.	→	If you exercise all subscription rights, use the pre-printed bankgiro slip from Euroclear Sweden.
	→	If you have bought, sold or transferred subscription rights to/from your securities account, fill in the application form for subscription with subscription rights. The application form can be obtained from Swedbank (website: <a href="http://www.swedbank.se/prospekt">www.swedbank.se/prospekt</a> ) and from MTG (website: <a href="http://www.mtg.com">www.mtg.com</a> ). Payment is made in accordance with the instructions on the registration form.
You have a securities account (i.e. you are directly registered) and live abroad <sup>1)</sup>	→	See above. Payment is made in accordance with the instructions under “ <i>Directly registered shareholders who are not residents of Sweden</i> ” in the section “ <i>Terms and instructions</i> ”.
You have a custody account (i.e. nominee-registered shareholder)	→	If you have your MTG shares in one or more custody accounts with a bank or financial institution, you will receive information from your nominee/nominees about the number of subscription rights. <b>Follow the instructions you receive from your nominee/nominees.</b>

## Subscription for Class B Shares without subscription rights<sup>2)</sup>

You have a securities account	→	Use the application form for subscription without subscription rights. The application form can be ordered from Swedbank (website: <a href="http://www.swedbank.se/prospekt">www.swedbank.se/prospekt</a> ) and from MTG (website: <a href="http://www.mtg.com">www.mtg.com</a> ).
You have a custody account (i.e. nominee-registered shareholders)	→	Subscription and payment must be made through the respective nominee. <b>Follow the instructions you receive from your nominee/nominees.</b>

**Please note that some nominees may have a shorter application period. Please review the instructions from your nominee.**

1) Please note that special rules apply to shareholders resident in the United States and certain other jurisdictions. See section “*Terms and instructions—Shareholders in certain ineligible jurisdictions*”.

2) Any allotment will be made in accordance with what is stated in the section “*Terms and instructions—Allocation of Class B Shares upon subscription without of subscription rights*”.

# BUSINESS OVERVIEW

## Introduction

MTG is a holding and investment company in the entertainment sector focusing on the two rapidly growing sectors esports and gaming. The Company's vision is to be the home of esports and gaming entertainment.

MTG was founded in 1987 and the Company has since developed into a well-established global player within digital entertainment. Since the split and listing of NENT Group, the business has been divided into the two verticals gaming and esports.

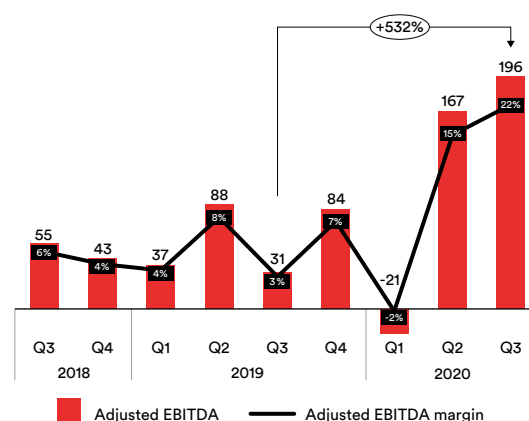
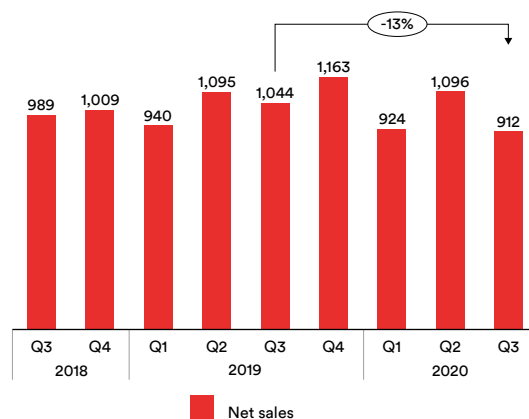
The gaming vertical consists of InnoGames, Hutch, Kongregate and the Company's VC Fund investments in gaming-related companies. InnoGames is a German developer and publisher of mobile and browser games. Hutch is based in Hamburg and is best known for the games Forge of Empires, Elvenar and Tribal Wars. Hutch is a British developer and publisher games focused on the mobile racing genre in the midcore segment. The company is based in London and has developed well-known game titles such as F1 Manager, Rebel Racing and Top Drives. Kongregate is a San Francisco-based publisher and developer of browser and mobile games and is a recognised innovator within the genre Idle Games, which is less complex games that require limited engagement from the player.

The esports vertical consists of the portfolio companies ESL Gaming (a merger of ESL and DreamHack) and DreamHack Sport Games, both of which create different forms of entertainment in esports by organising international and national leagues, tournaments for professional players and amateurs and festivals. The esports vertical also includes the Company's VC Fund's investments in esports related companies.

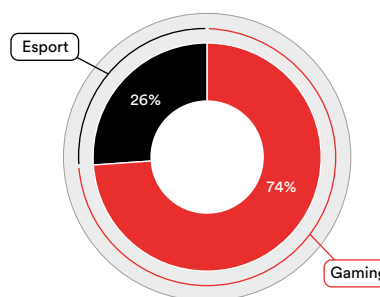
MTG's strategy is to drive profitability and organic growth in the portfolio companies and to invest in esports and gaming companies with high potential that complement MTG's brands and products. Over the past year, MTG has conducted a strategic review to evaluate how to best realise shareholder value within each vertical. The strategic review has resulted in MTG intending to retain both the gaming and esports verticals for the foreseeable future and to focus on building value, both organically and through acquisitions.

As of 30 September 2020, the number of employees in MTG amounted to 1,049 persons (including the companies in MTG's verticals). During the nine-month period ending 30 September 2020, MTG had net sales of SEK 2,932 million, of which SEK 2,047 million was generated from the gaming vertical and SEK 885 million from the esports vertical. During the same period, MTG had an EBIT of SEK -56 million and an EBIT margin of -2 per cent, as well as SEK 342 million in adjusted EBITDA and an adjusted EBITDA margin of 12 per cent.

## Overview of MTG's historical financial performance (MSEK)



## Net sales by segment Q3 2020



The information regarding MTG's consolidated net sales, net sales growth, revenue per segment, adjusted EBITDA, adjusted EBITDA growth and adjusted EBITDA margin comes from MTG's unaudited interim reports for the specified periods. See the section "Selected historical financial information—Definitions of alternative performance measures" for a description of how MTG calculates these alternative performance measures and the purpose for reporting them.



## History

MTG in its current form was founded in 2019 following a split of the Company, where the TV, streaming and radio assets were transferred to a separate company and listed on Nasdaq Stockholm as NENT Group. The split was made in order to increase the Company's focus, take advantage of changing consumer trends, take advantage of growth opportunities and to create long-term shareholder value. After the split, MTG became a pure esports and gaming company.

MTG's history dates back to 1987 when the Company was formed as Scandinavia's first commercial TV channel. The company has a history of continuously developing its business and shaping the next generation of entertainment by identifying new trends and consumer behaviours.

<b>1987</b>	TV3 is launched in Sweden, Norway and Denmark as the first commercial TV channel in Scandinavia
<b>1997</b>	MTG is spun off from Kinnevik and listed on Nasdaq Stockholm and New York
<b>2003</b>	MTG is delisted from Nasdaq New York
<b>2015</b>	MTG acquires 74 per cent of Turtle Entertainment (now ESL Gaming), which operates the well-known ESL brand
<b>2015</b>	MTG acquires 100 per cent of DreamHack
<b>2016</b>	Launch of EsportsTV, the world's first 24/7 TV channel fully dedicated to esports
<b>2016</b>	MTG acquires 35 per cent of InnoGames, a leading developer and publisher of online and mobile games
<b>2017</b>	MTG expands its ownership in InnoGames to 51 per cent
<b>2017</b>	MTG acquired 100 per cent of Kongregate, a San Francisco-based developer and publisher of video games
<b>2018</b>	MTG increases ownership in ESL Gaming to 82.48 per cent.
<b>2019</b>	Split of MTG and listing of NENT Group on Nasdaq Stockholm
<b>2019</b>	Forge of Empires, a game developed by InnoGames, achieves lifetime revenues in excess of EUR 500 million
<b>2019</b>	Launch of the ESL Pro Tour, a tournament in Counter-Strike: Global Offensive ("CS:GO") that had a total prize pool of over five USDM
<b>2020</b>	MTG announces a merger of ESL and DreamHack
<b>2020</b>	MTG increases its ownership in InnoGames and together with the Company's founders forms a new holding company for gaming investments
<b>2020</b>	MTG acquires 100 per cent of the shares in Hutch, a developer and publisher of free-to-play games focused on the racing genre for mobile

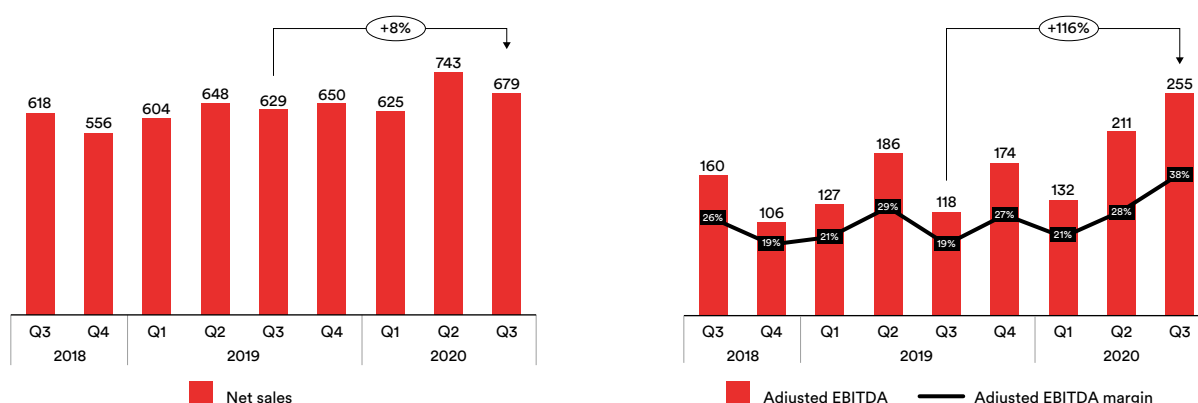
## Segments

### Gaming

The companies within MTG’s gaming vertical operate on the market for mobile games and browser games. The global mobile gaming market has shown strong growth in recent years and is expected to reach a total size of USD 77.2 billion by 2020<sup>1)</sup>. In recent years, the Company has experienced that so-called free-to-play games where users play for free but can choose to make purchases in the games to, for example, activate new content or unlock new functions have become the dominant game type on the market. Successful free-to-play games generally have a long life cycle with high revenue potential.

MTG’s gaming vertical consists of the companies InnoGames, Hutch and Kongregate as well as the Company’s VC fund investments in gaming-related companies. InnoGames, Hutch and Kongregate focus on developing mobile and browser games based on the free-to-play model. As of the date of this prospectus, MTG holds 77.35 per cent of the shares in the holding company MTG Gaming AB, which in turn owns 100 per cent of InnoGames, Hutch and Kongregate. During the nine-month period that ended 30 September 2020, the gaming vertical net sales amounted to SEK 2,047 million, EBIT to SEK 312 million and adjusted EBITDA to SEK 599 million.

### Overview of the historical financial performance of the gaming vertical (MSEK)



The information regarding the gaming vertical’s net sales, net sales growth, Adjusted EBITDA, Adjusted EBITDA growth and Adjusted EBITDA margin comes from MTG’s unaudited interim reports for the specified periods. See the section “Selected historical financial information–Definitions of alternative performance measures” for a description of how MTG calculates these alternative performance measures and the purpose for reporting them.

### InnoGames

InnoGames, founded in 2007, is a German developer and publisher of mobile and browser games. Historically, InnoGames has developed platform-independent games that have been accessible via both browsers and mobile devices, but the business has recently been redirected to develop games primarily for mobile devices. As of the date of this prospectus, InnoGames has a portfolio of seven launched games and four mobile games that are in development phase.

InnoGames has experience from creating popular free-to-play strategy and city builder games. The ambition is to keep the players engaged through an organisation that is characterised by innovative and vibrant game development. As of the date of this prospectus, InnoGames has generated more than EUR 1,000 million in total revenue since the Company was founded. The company’s most successful game Forge of Empires has generated more than EUR 650 million in total revenue since its launch in 2012.

### Overview of InnoGames’ game portfolio



#### Tribal Wars

Launch year: 2003

Genre: Strategy

Platform: Browser and mobile

Overview: Tribal Wars is a medieval strategy game where each player controls a village and strives for power and glory by conquering other players’ villages.



#### The West

Launch year: 2008

Genre: City builder

Platform: Browser

Overview: In The West, the player builds a city, alone or with other players, then battles and takes over other players’ cities.

1) Newzoo Global Mobile Market Report 2020, Free Version.

## Overview of InnoGames' game portfolio

## GREPOLIS

**Grepolis**

Launch year: 2009

Genre: Strategy

Platform: Browser and mobile

Overview: In Grepolis, the player builds a city in ancient Greece and can form alliances with other players as well as take advantage of the Greek gods Zeus, Poseidon, Hera, Athena and Hades to conquer other players' cities.

**Forge of Empires**

Launch year: 2012

Genre: City builder

Platform: Browser

Overview: In Forge of Empires, the player can build their own city and experience the whole story from its perspective – from the Stone Age through the centuries. The player has the opportunity to take on challenges in single-player missions or compete against other players in multiplayer mode.

**Tribal Wars 2**

Launch year: 2014

Genre: Strategy

Platform: Browser and mobile

Overview: A sequel to Tribal Wars with graphics and interface improvements.

**Elvenar**

Launch year: 2015

Genre: City builder

Platform: Browser and mobile

Overview: Elvenar takes place in a mythical fantasy world where the player can choose to play as an elf or human. The player's task is to transform a small village into a future kingdom.

**Warlords Aeternum**

Launch year: 2015

Genre: Strategy

Platform: Mobile

Overview: In Warlords Aeternum, the player's mission is to build a powerful army and lead it to save the fantasy world Aeternum. On the journey, the player must conquer strategically important outposts for trade and resources while fighting the evil Orcish.

## Overview of InnoGames' games in development phase

**Game #1**

Genre: Simulation, Strategy (Midcore)

Platform: Mobile

**Game #2**

Genre: City builder (Midcore)

Platform: Mobile

**Game #3**

Genre: Simulation, strategy (Midcore)

Platform: Mobile

**Game #4**

Genre: Simulation, strategy (Midcore)

Platform: Mobile



### *Hutch*

Hutch was acquired by MTG in December 2020. The company is a developer and publisher of mobile games in the racing genre. The company was founded in 2011 and has today offices in London, Nova Scotia and Dundee with a total of over 100 employees, of which 70 are developers. Hutch’s game portfolio consists of thirteen launched games and two games that are in development phase. The initial purchase price (on a cash and debt free basis) amounted to USD 265 million in cash and 627,431 new Class B Shares in MTG. In addition, MTG may become required to make earn-out payments, in cash, based on Hutch’s financial performance in 2021–2024 which, in respect of each financial year for the period, are payable after the financial performance for such financial year has been determined through a procedure set out in the agreement. For more information, see the section “*Pro forma financial information*”.

Hutch develops and publishes mobile games in the midcore racing genre, which means racing games with well-developed game mechanics that are non-repetitive and more difficult to replicate than simpler mobile games. Compared to simpler games, games in the midcore genre generally have longer gaming sessions.<sup>2)</sup>

Hutch holds licenses to develop games with several world-renowned racing brands, including Formula 1, Mattel, Mercedes, BMW, Ford and General Motors. The Formula 1 license allows Hutch to develop mobile games under the Formula 1 brand.

Hutch’s most successful game titles to date are F1 Manager (generated 35 per cent of the revenues during the first nine months of 2020), Top Drives (generated 34 per cent of the revenues during the first nine months of 2020) and Rebel Racing (generated 17 per cent of the revenues during the first nine months 2020).

Hutch is a fast-growing company, whose net sales amounted to SEK 356 million during the first nine months of 2020 (UK GAAP), corresponding to a growth rate of 158 per cent compared to the net sales the previous period last year. During the first nine months of 2020, Hutch’s EBIT amounted to SEK 93 million, corresponding to an EBIT margin of 26 per cent (UK GAAP).

As of the date of this prospectus, Hutch’s games have a total of over 300 million downloads and in the first nine months of 2020, the Company had 676,000 DAUs, 5,406,000 MAUs and an ARPDAU of USD 0.2.

2) AppLovin Mobile App Glossary.



## Overview of selected games in Hutch's games portfolio

**Top Drives**

Launch year: 2018

Genre: Midcore racing

Platform: Mobile

Overview: Top Drives is a card collecting game consisting of over 2,000 different car cards that the player can collect to create an optimised garage. The player uses the collected cars in challenges against other players. The challenges include elements of quizzes and track racing.

**F1 Manager**

Launch year: 2019

Genre: Midcore racing

Platform: Mobile

Overview: F1 Manager is the official F1 simulation game for mobile devices and lets the player control an F1 team. The game contains all the official F1 tracks, teams and drivers from the 2020 FIA Formula One World Championship. Game add-ons are constantly being developed to keep the player base engaged and loyal to the game.

**Rebel Racing**

Launch year: 2020

Genre: Midcore racing

Platform: Mobile

Overview: Racing game set on the west coast of the United States with realistic graphics and game physics. The player collects and competes with both supercars and off-road vehicles.

## Overview of Hutch's games in development phase

**Puzzle Heist**

Genre: Midcore racing

Platform: Mobile

Overview: Match-3 game that combines RPG mechanics with car chases and fighting components. A game inspired by Fast and Furious and Grand Theft Auto. The player puts together his own gang that competes against and challenges other players' gangs.

**Project X**

Genre: Midcore racing

Platform: Mobile

*Kongregate*

Kongregate was founded in 2006 and is a U.S. based publisher and developer of browser and mobile games primarily in the genre of Idle Games, which means simpler games that require limited engagement from the player. Kongregate develops games based on the free-to-play model through its wholly owned studios Ultrabit and Synapse, which are based in San Diego and Chicago. In addition to internal game development, Kongregate also publishes and helps to scale platform-independent games in close collaboration with third-party developers. The company also provides various services that include product recommendations, data analysis, user acquisitions and platform relationships.

Kongregate has recently changed its business focus from previously working primarily with publishing, to focus on in-house developed games and long-term profitable partnerships with third-party developers. During the first nine months of 2020, the company has therefore chosen to terminate the agreements with several third-party titles, which has had a short-term negative impact on the company’s revenues and number of players. As of the date of this prospectus, Kongregate’s portfolio consists of fifteen internally developed games that has been launched and one internally developed mobile game under development. As of the date of this prospectus, 80 per cent of Kongregate’s revenues are attributable to mobile platforms.

Overview of selected games in Kongregate’s game portfolio



**Animation Throwdown**

Launch year: 2016  
 Genre: Idle casual  
 Platform: Browser and mobile

Overview: In Animation Throwdown, the player collects cards and fights characters from their favorite shows such as Family Guy, Futurama, American Dad, King of the Hill and Bob’s Burgers. The player duels against other players in strategic head-to-head battles and can form groups with friends to share tips and tricks.



**Bit Heroes**

Launch year: 2017  
 Genre: Idle casual  
 Platform: Browser and mobile

Overview: In Bit Heroes, the player explores and fights his way through a huge open world inspired by nostalgic 8-bit & 16-bit heroes and monsters.



**Teenage Mutant Ninja Turtles: Mutant Madness**

Launch year: 2020  
 Genre: Idle role play  
 Platform: Mobile

Overview: In Teenage Mutant Ninja Turtles: Mutant Madness, it is the player’s mission to defend a fantasy world from external enemies like a Ninja Turtle.

Overview of Kongregate’s games in development phase



**Game #1**

Genre: Idle casual  
 Platform: Mobile

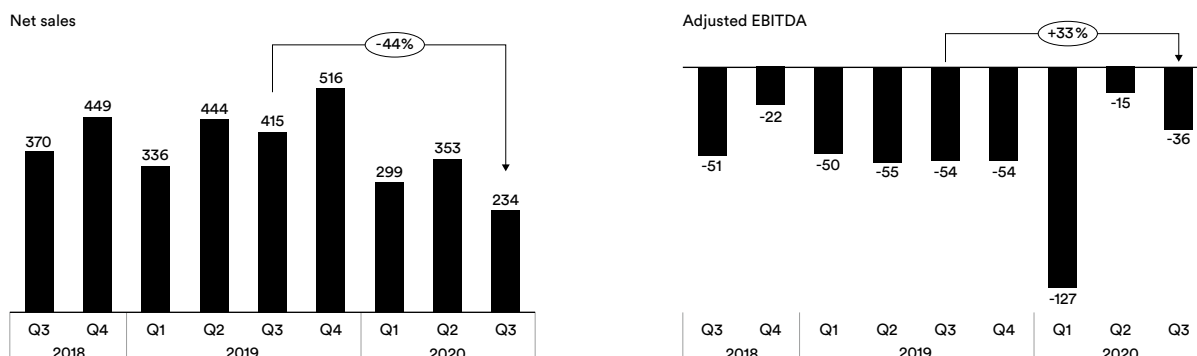


**Esports**

The market for esports has grown in recent years as a result of increased gaming. Newzoo estimates that the industry was worth USD 1,100 million by 2020<sup>3)</sup>. MTG’s esports vertical consists of ESL, DreamHack and DreamHack Sport Games. These three companies create esports content and organise leagues, tournaments and festivals. The vertical’s revenue is mainly generated from sponsorship agreements, sales of media rights, event tickets and souvenirs.

As of the date of this prospectus, MTG holds 91.46 per cent of the shares in ESL Gaming. ESL Gaming in turn owns 100 per cent of the shares in DreamHack. DreamHack Sport Games is 100 per cent owned by MTG. During the nine-month period ending 30 September 2020, sales for the esports vertical amounted to SEK 885 million, EBIT to SEK -275 million and adjusted EBITDA to SEK -178 million.

**Overview of the historical financial performance of the esport vertical (MSEK)**



The information regarding the esports vertical’s net sales, net sales growth, Adjusted EBITDA and Adjusted EBITDA growth comes from MTG’s unaudited interim reports for the specified periods. See the section “Selected historical financial information – Definitions of alternative performance measures” for a description of how MTG calculates these alternative performance measures and the purpose of reporting them.

**ESL**

ESL was founded in 2000 and has since then shaped the esports industry with a large number of esports competitions both online and offline. The company runs high-profile leagues and tournaments under its own brands ESL Pro Tour, ESL One, Intel Extreme Masters and ESL Pro League in games such as CS:GO, Dota 2, Starcraft II and Warcraft III. The ESL events at Pro Tour level together attract hundreds of millions of viewers each year. The events are made available on global digital distribution platforms such as Twitch, Youtube and Huya and attract a wide range of sponsors and advertisers.

To create a clear career ladder for players and allow anyone to develop from beginner to the global elite, ESL produces both National Championships in several countries and amateur cups at grass root level. In this way, the foundation is laid within ESL’s ecosystem for a sport where ordinary players can develop into esports stars.

3) Newzoo Global Esports Market Report 2020, Light Version.

Selected tournaments and events



**Intel Extreme Masters (IEM)**

IEM was started in 2006 and includes tournaments for CS:GO and StarCraft II. As one of the oldest professional esports tournaments globally, IEM has built up a strong following. IEM season XIV in CS:GO (2019) consisted of four tournaments, of which the final, which also served as the last competition in the ESL Pro Tour, had over 1,000,000 viewers and a prize pool of USD 500,000.



**ESL One**

ESL One is a tournament series for Dota 2 and CS:GO that was started in 2014. ESL One is part of the ESL Pro Tour. In 2019, six ESL One tournaments were organised: two in CS:GO and four in Dota 2. The largest tournament was ESL One Cologne, which had over 500,000 viewers and a prize pool of USD 300,000.



**ESL Pro League**

ESL Pro League is a professional CS:GO league based on Valve's Major tournament system which was started in 2015. ESL Pro League is a central part of the ESL Pro Tour. The final in December 2019 had over 360,000 viewers and a prize pool of USD 600,000.



**ESL Pro Tour**

The ESL Pro Tour was launched in 2020 to connect all ESL and DreamHack tournaments to an open ecosystem, giving players and teams around the world the opportunity to compete in the largest esports tournaments globally. In the ESL Pro Tour, teams compete for ESL Pro Tour points in ESL's and DreamHack's various tournaments and leagues each year. The teams with the most ESL Pro Tour points qualify for IEM Katowice and ESL One Cologne which are finals in the ESL Pro Tour.

Services directed to non-professional players

ESL also offers a selection of products aimed at non-professional players.



**ESL Play**

ESL Play is a web-based tournament and matchmaking platform for several popular esports titles. ESL Play is aimed at players in all levels and is available on both PC, mobile and PlayStation.



**ESEA**

ESEA is ESL's B2C platform that enables players to compete in CS:GO. ESEA offers users a better gaming experience by providing an anti-cheat client, a matchmaking system that matches players in the same level, and organising online tournaments with prize pools.



**BadLion**

BadLion provides a Minecraft client that allows players to compete against each other, modify their user profiles, and avoid cheating via an anti-cheat feature.



### *DreamHack*

DreamHack was founded in 1994 and has since grown into a global phenomenon in esports. The company arranges festivals in Europe, North and South America and Asia. DreamHack festivals include a number of esports competitions, exhibitions and BYOC/LAN parties. The company has been a pioneer within esports since its inception and is today a major producer of esports content globally. Millions of viewers from around the world watch DreamHack broadcasts every year. The company welcomed more than 300,000 visitors to its events in 2019.

### Selected tournaments and events

## DREAMHACK

#### **DreamHack Festivals**

DreamHack Festivals lasts for several days and combines three concepts: Professional esports tournaments, concerts and fairs with the latest in games and technology. Visitors have the opportunity to participate in BYOD/LAN as well as various esports competitions that are arranged during the festival. In 2019, DreamHack hosted twelve festivals on four different continents.



#### **DreamHack Masters**

DreamHack Masters is part of the ESL Pro Tour and is a tournament for the 16 best CS:GO teams globally. DreamHack Masters Malmö 2019 had over 330,000 viewers and a prize pool of USD 250,000.



#### **DreamLeague**

DreamLeague is a tournament for the 16 best Dota 2 teams globally. DreamLeague Season 13, held in Leipzig in January 2020, had over 475,000 viewers and a USD 1,000,000 prize pool.

### *DreamHack Sport Games*

DreamHack Sport Games creates content and organises leagues and tournaments in the sports games genre. Sports games differs from other esports titles in that it reconstructs popular traditional sports such as football and ice hockey. Sports games also attract a wider audience compared to other esports titles, both from traditional sports and esports. Today, the majority of DreamHack Sport Games products are run in collaboration with traditional sports leagues and organisations to create esports leagues that are broadcast in parallel with the original sports leagues. Danish eSuperliga, Dutch eDivisie and Swedish eAllsvenskan in football which is played on FIFA 21 on Playstation and Xbox are some examples. Since 2019, DreamHack Sport Games has produced over 850 live broadcast hours.

#### Selected tournaments and events



#### **eSuperliga**

In the eSuperliga, 15 Superliga esports teams compete each season to win the title of the esports equivalent of the Danish Superliga. The clubs also compete for ranking points for a place in the world championship, FIFA eWorld Cup. eSuperliga is run by 3F Superliga, DreamHack Sport Games and NENT Group.



#### **eAllsvenskan**

eAllsvenskan is Sweden's largest professional FIFA competition where 20 clubs from Allsvenskan and Superettan compete for the title of the esports equivalent of Allsvenskan. The teams are also competing for a place in the world championship FIFA eWorld Cup. During the first season 2019, the following clubs participated: AIK, Djurgårdens IF, Hammarby IF, Örebro SK, Östersunds FK, GIF Sundsvall, Örgryte IS, BK Häcken, Helsingborgs IF, Jönköpings Södra IF, Malmö FF and AFC Eskilstuna. eAllsvenskan is run by Swedish Elite Football, Dreamhack Sport Games and Discovery Networks.

#### **Trends etc.**

MTG perceives that there are certain overall trends in gaming and esports that may benefit MTG in the long term. In gaming, the number of players in the world is expected to increase over time and the general technological development is expected to lead to more people gaining access to technology that is capable of handling advanced gaming software. In esports, the number of spectators is expected to increase over time, which in turn can lead to a larger addressable market for MTG's offering within the esports vertical. In the short term, however, MTG estimates that the ongoing covid 19 pandemic will continue to have a negative impact on MTG's operations within the esports vertical, where physical events may need to be postponed or canceled even in 2021.

#### **Vision and mission**

MTG's vision is to be the home of esports and gaming entertainment. With focus on skill, innovation and sustainability, MTG's mission is to develop the ecosystem within each vertical and benefit its communities through meaningful storytelling.

MTG aims to drive profitability and organic growth in the portfolio companies and to invest in esports and gaming companies with high potential that complement MTG's brands and products.

#### **Strategy**

MTG intends to retain both the gaming and esports verticals within the Company for the foreseeable future where the focus will be on creating value, both organically and through acquisitions. The Company will drive operational improvements in the existing business and broaden the portfolio within both gaming and esports. MTG will revisit splitting MTG into two companies only after MTG has achieved step changes in the value of each vertical.

MTG's overall strategy is to function as a strategic holding and investment company within esports and gaming, where it provides operational support to its portfolio companies through a Buy & Build strategy.

#### *Build – Drive growth within existing portfolio companies*

MTG's "build"-strategy focuses on driving profitability and organic growth in the portfolio companies by launching new innovative products and through ongoing business optimisation.

#### *Buy – Drive growth through strategic acquisitions*

In addition to organic growth, MTG's strategy is to also grow through acquisitions and through investments in companies with high potential and in the talented entrepreneurs behind them. There are two main criteria in the evaluation of potential acquisitions: that the content, platform or software fits into the current portfolio and that the acquisition is in line with MTG's culture and values.

In addition to the overall strategy, MTG has set a strategy and plan for each vertical.

#### *Gaming strategy*

Within the gaming vertical, MTG focuses on pursuing four strategic initiatives to maximise shareholder value.

#### *Optimisation of the existing games portfolio*

MTG's existing portfolio of game titles is continuously updated with additions and new content to meet players' demand, extend the games' life cycles, to retain customers and to maximise revenue generation from each game title. By continuously analysing player data and player behaviour, MTG's gaming vertical gets a picture of the players' wishes and preferences. The wishes and preferences are then used to design and develop the games.

### Continued development of new game titles

Within the gaming vertical, innovation and knowledge sharing are in focus to enable continued development of new game titles. InnoGames, Kongregate and Hutch follow structured and efficient internal processes for game development and have the capacity to develop several games in parallel. Kongregate has the capacity to continuously have five games in its annual development portfolio, InnoGames currently has four games in the development phase for launch in the coming year and Hutch intends to launch two new games in 2021 and 2022.

### Strategic acquisitions

In addition to growing organically with existing and new game titles, MTG's gaming strategy is to grow through acquisitions and investments in companies with high potential. MTG is well positioned to participate in the ongoing consolidation in the gaming sector by utilising its broad network, both through its existing game studios and through its VC fund. The Company also has a history and experience of several successful business integrations. MTG's gaming vertical offers talented entrepreneurs access to expertise in marketing and sales strategy. A decentralised organisation also gives the game developer independence while having access to central support functions.

In line with MTG's Buy & Build strategy, MTG announced on 14 January 2021 that MTG is in ongoing negotiations for a new acquisition of 100 per cent of the shares in a mobile games developer. MTG has entered into a non-binding letter of intent with the prospective sellers, pursuant to which the initial purchase price (in the event of an acquisition) would amount to approximately somewhere between USD 130–150 million, corresponding to an EBITDA multiple of approximately somewhere between 7.1 and 8.2 for the target's latest financial year, payable in a mixture of cash and shares. In addition, the contemplated consideration includes a meaningful (but in no event exceeding the initial consideration) earnout component based on the EBITDA of the target company. However, no binding agreement has been entered into and it is not certain that MTG will acquire the contemplated target on these terms or at all.

### Company structure enabling synergy maximisation

By placing InnoGames, Kongregate and Hutch in a joint company, closer cooperation between the companies is made possible. Synergies can also be realised through shared central functions.

### Esports strategy

Within the esports vertical, MTG focuses on pursuing four strategic initiatives to maintain its market position and to maximise shareholder value.

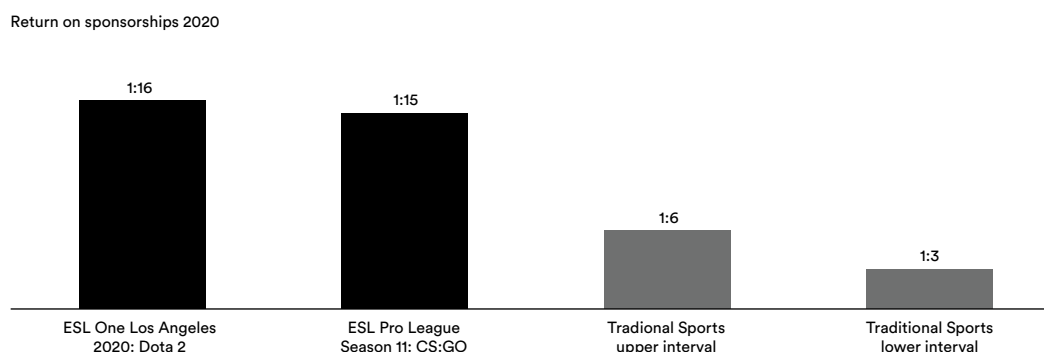
### The merger of ESL and DreamHack

During the fourth quarter 2020, MTG restructured its esports vertical through the merger of ESL Gaming and DreamHack. MTG owns 91.46 per cent of the new merged company – which also goes under the name ESL Gaming – which in turn owns 100 per cent of the shares in DreamHack. The purpose of the merger was to become better positioned to take advantage of future growth opportunities. The ambition is to be able to offer the broadest and most relevant product portfolio within esports globally. The merger of ESL Gaming and DreamHack means that MTG has created an entity with over two decades of experience in leading the development within esports. MTG has so far identified annual cost synergies of SEK 50 million (from 2021) related to the merger.

### Increased revenue generation

**Collaboration with Nielsen Sports:** In 2019, ESL and DreamHack entered into an agreement with Nielsen Sports, the media industry's leading player in providing valuation assessments and media analysis. The collaboration agreement enables ESL and DreamHack to regularly report the values they create for their sponsors and advertisers based on Nielsen's industry-leading media measurement method for quality index (QI). In this way, conditions are created for a credible comparison between esports events but also between esports events and traditional sport events. A standardised measurement is an important factor for increasing the value of ESL and DreamHack's media rights and for attracting new sponsors.

### Initial results from partnership with Nielsen



Unaudited information retrieved from MTG's internal reporting system.

**New media partners:** In 2020, ESL and DreamHack signed several media right agreements with streaming platforms such as Twitch, Douyu and Huya, as well as with media companies such as Globo and Omelete. ESL also entered into a collaboration with TV2 Zulu in Denmark, which has helped to validate the value of ESL's offer as TV2 achieved high viewing figures when broadcasting ESL Road to Rio 2020. In the future, ESL expects that the collaboration with Nilsen Sports and the proven success achieved with TV2 Zulu in Denmark will lead to new media rights agreements and increased revenue generation.

**New brand partnerships:** ESL and DreamHack expect that the partnership with Nielsen Sports and the merger of ESL and DreamHack will result in an increased number of brand partnerships, enabling increased revenue generation in advertising and sponsorship.

### *Extend the offering to non-professional players (B2C offering)*

ESL Gaming will continue to invest in and develop the Company's B2C offering to further enhance its digital events and to remain relevant to esports fans. ESL Gaming already offers advertising-financed and subscription-based B2C products. The Company sees opportunities to drive growth in the B2C offering both organically and through acquisitions.

### *Grow the audience*

ESL Gaming is actively working to grow both the number of players and the esports audience. More titles and events are planned to be held at grass root level to create a broader target group with more amateur players. The company also plans to expand to new geographical regions with its esports offering in order to reach an even broader target group (either independently or through different kinds of partnerships, such as joint ventures).

In line with this strategy, MTG announced on 14 January 2021 that ESL Gaming is, and expects to be, in discussions with partners regarding esports service projects. If any of these discussions, one of which is fairly advanced, would result in a binding agreement in line with the discussions, it could potentially result in a positive effect on the financial performance of ESL Gaming (in terms of revenue and EBITDA). However, no binding agreement of any sort has been entered into and it is not certain that ESL Gaming would be able to reach the financial and other targets for the projects or at all. Furthermore, such projects and a successful outcome thereof will be dependent on the development of the ongoing Covid-19 pandemic and near full recovery of the feasibility to be able to hold physical events.

## **Strengths and competitive advantages**

MTG's business model is to be a strategic and operational holding company. This means that MTG combines the qualities of an active owner with a pure investment company, which creates value through operational support and expert competence in the areas where it is needed to strengthen the portfolio companies.

MTG can be described as:

- An owner with European heritage, Nordic values and a culture characterised by entrepreneurship
- A strong team with a well-established and globally extensive network within esports and gaming
- A group with experience from building successful companies and developing market-leading IP rights from scratch

## **Employees**

MTG's head office is located in Stockholm. As of 30 September 2020, MTG had 1,049 employees (including the companies in each vertical).

## **Industry and market information**

The prospectus contains certain market and industry information that has been sourced from third parties. The information has been accurately reproduced and as far as MTG is aware and is able to ascertain from information published by these third parties, no facts have been omitted that would render the reproduced information incorrect or misleading. However, MTG has not independently verified the information, which is why its accuracy and completeness cannot be guaranteed. The market information that is included in the section "Business Overview" is based on the following sources: Newzoo Global Esports Market Report 2020 Light Version, Newzoo Global Mobile Market Report 2020 Free version and AppLovin Mobile App Glossary.





# PRO FORMA FINANCIAL INFORMATION

*The financial pro forma information in this section is intended only to illustrate the hypothetical effects that the acquisition and financing of Hutch, the acquisition and financing of additional shares in InnoGames and the establishment of a new holding company for the gaming business could have had on MTG's consolidated income statement to operating income (EBIT) for the period 1 January–30 September 2020 if the transactions had been completed on 1 January 2020 and the consolidated balance sheet as of 30 September 2020 if the transactions had been completed by 30 September 2020. The hypothetical result and the hypothetical financial position presented in this section may differ from the actual result and the actual financial position that MTG would have had if the transactions had been completed as of the above date. The financial pro forma information is also not intended to indicate MTG's future results or financial position. Readers of the prospectus should therefore not place too much emphasis on the financial pro forma information in the event of a decision to invest in shares in MTG.*

*The financial pro forma information should be read with other information in the prospectus, including the sections "Selected historical financial information" and "Capitalisation, indebtedness and other financial information".*

## Background

On 7 December 2020, MTG announced the acquisition of an additional 17 per cent of the shares in InnoGames, which increased MTG's ownership in InnoGames to 68 per cent. The transaction was completed on 7 December 2020 and financed through a vendor note to be repaid not later than on 31 March 2021. In connection with the transaction, a new holding company was also established for MTG's gaming operations, MTG Gaming AB, to which 100 per cent of the shares in InnoGames and Kongregate were transferred. MTG owns 77.35 per cent of the shares in MTG Gaming AB. MTG's potential future acquisitions within the gaming vertical is intended to be owned through MTG Gaming AB.

On 8 December 2020, MTG announced that it had entered into an agreement to acquire all shares in Hutch. MTG accessed the shares in Hutch. The acquisition of Hutch was completed on 18 December 2020. The initial purchase price (on a cash and debt free basis) amounted to USD 265 million in cash, 627,431 new Class B Shares in MTG (which some of the sellers subscribed for at a subscription price corresponding to the volume-weighted average price of the Class B Share on Nasdaq Stockholm between 10 November–7 December 2020 – i.e. SEK 129.8 per share) and a cash payment for an adjustment for Hutch's net debt and working capital, which in the pro forma financial information is estimated to USD 14 million. The estimated levels of Hutch's net debt and working capital are subject to a potential adjustment during the first or second quarter of 2021 based on actual levels of the company's net debt and working capital according to an access financial statement prepared by the parties. In addition, MTG may pay an earn-out payments that, according to calculation of the present value, amounts to USD 71.6 million. MTG financed the initial cash purchase price with MTG's existing cash and through a bridge loan facility of SEK 1,800 million from DNB Bank ASA, Sweden branch and Swedbank. The bridge loan

facility has an initial term of six months. However, MTG has an option to extend the term by six months.

The prospectus has been prepared in connection with the Rights Issue. In the case of full subscription, the Rights Issue will provide MTG with SEK 2,549 million before deductions for issue costs of SEK 27 million.

MTG intends to primarily use the expected net proceeds of SEK 2,522 million to repay the bridge loan facility of SEK 1,800 million and secondarily as part of the financing of the repayment of the vendor note of InnoGames' shares of a preliminary amount of EUR 113.6 million (equivalent to SEK 1,197 million based on a EUR/SEK exchange rate of 10.5410 as of 30 September 2020), including a payment for cash and cash equivalents of EUR 7.6 million, which falls due for payment on 31 March 2021. MTG intends to repay the remaining part of the vendor note with available cash and cash equivalents (if any). The preliminary amount of the vendor note of EUR 113.6 million is based on an estimated level of InnoGames' net debt and working capital and the amount is subject to a potential adjustment during the first or second quarter of 2021 based on actual levels according to InnoGames' audited accounts for the financial year 2020. MTG has not taken into account any net proceeds from the Rights Issue when preparing the pro forma financial information. If MTG does not take into account the net proceeds that MTG receives in the event of a fully subscribed Rights Issue or MTG's possible opportunities to raise alternative financing if necessary, MTG assesses that the existing working capital is not sufficient for MTG's needs during the coming twelve-month period (see section "Capitalisation, indebtedness and other financial information–Working capital statement").

MTG estimates that the acquisition of Hutch may have a significant impact on MTG's future earnings and financial position. Due to this, MTG has prepared this pro forma financial information. An assurance report from an independent auditor is available in the section "Independent auditor's assurance report on the compilation of pro forma financial information".

## The purpose of the pro forma financial information

The pro forma financial information is only intended to illustrate the hypothetical impacts that the acquisition and financing of Hutch, the acquisition and financing of additional shares in InnoGames and the establishment of a new holding company for the gaming operations could have had on MTG's

- consolidated income statement for the Group down to operating income (EBIT) for the period 1 January–30 September 2020, had the transactions been carried out on 1 January 2020, and
- consolidated balance sheet for the Group as of 30 September 2020 if the transactions had been completed at that date.

## The basis for the pro forma financial information

The pro forma income statement for the period 1 January–30 September 2020 and the balance sheet as of 30 September 2020 are based on MTG's unaudited condensed consolidated financial statements derived from the interim report for the period 1 January–30 September 2020, which has been reviewed by MTG's independent auditor KPMG AB in accordance with what is stated in the review report included therewith. Hutch's financial information for the same period is based on unaudited internal financial reports.

MTG applies International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union (IFRS). Hutch's internal financial reports underlying the pro forma financial information have been prepared in accordance with UK GAAP (FRS 102).

The pro forma financial information have been prepared in accordance with MTG's accounting principles as described in the annual report for the financial year 2019. The description of the accounting principles is available in note to the annual report for the financial year 2019 and is incorporated by reference and part of the prospectus (see section "Selected historical financial information—Historical financial information incorporated by reference").

## Pro forma adjustments

In preparing the pro forma financial information, MTG has made certain pro forma adjustments. The overall nature of the pro forma adjustments is described below and should be read in conjunction with the note disclosures in connection with the pro forma income statement and pro forma balance sheet, respectively.

### Tax effects

Tax effects have been taken into account on all adjustments that have not been assumed to be non-deductible in the pro forma financial information. The estimated tax rate on adjustments attributable to Hutch is 19 per cent. A tax rate of 21.4 per cent has been used for adjustments attributable to Sweden. Actual tax rate for the transaction may differ from the estimated tax rate used in the pro forma financial information.

### Exchange rate effects

The income statement for Hutch, including related adjustments, has been translated at an exchange rate for GBP/SEK of 11.9506. The balance sheet for Hutch, including related adjustments for accounting principles, has been translated at an exchange rate for GBP/SEK of 11.5204. All exchange rates are taken from the Riksbank (the central bank of Sweden). The actual exchange rates at the time of acquisition, *i.e.* 18 December 2020, have been applied for the purchase price and surplus values identified in the purchase price allocation. For the purchase price, which is determined in USD, a USD/SEK exchange rate of 8.3809 was applied and for surplus values, which are attributable to operations in the United Kingdom, a USD/GBP exchange rate of 0.7433 was applied.

### Integration costs and synergies

There have been no pro forma adjustments for integration costs and synergies in the pro forma income statement.

### Issue proceeds from the Rights Issue

The Rights Issue is primarily intended to be used to repay the bridge loan facility for the acquisition of Hutch of SEK 1,800 million. MTG considers that the Rights Issue is directly related to the acquisition of Hutch as the terms of the bridge loan facility used to finance the acquisition state that the issue proceeds will be used to repay the debt. However, the Rights Issue is not guaranteed by investors and MTG therefore considers that there is insufficient support to include the proceeds from the Rights Issue in the pro forma financial information. Thus, MTG has not taken into account any issue proceeds from the Rights Issue in the pro forma financial information.

### Financing costs

MTG financed the initial cash purchase price paid for Hutch with MTG's existing cash and with a new bridge loan facility of SEK 1,800 million from DNB Bank ASA, Sweden branch and Swedbank. The bridge loan facility has an initial term of six months. However, MTG has an option to extend the term by another six months. The bridge financing contains certain financial covenants. MTG intends to carry out the Rights Issue primarily to repay the bridge loan facility and secondarily to finance part of the repayment of the vendor note in connection with the acquisition of 17 per cent of the shares in InnoGames.

Issue proceeds from the Rights Issue are not included in the pro forma financial information as the Rights Issue is not guaranteed. If MTG does not take into account the net proceeds that MTG receives in the event of a fully subscribed Rights Issue or MTG's possible opportunities to raise alternative financing if necessary, MTG assesses that available cash and cash equivalents will not be sufficient to repay the vendor note attributable to the acquisition of additional shares in InnoGames of a preliminary amount of EUR 113.6 million (corresponding to SEK 1,197 million based on a EUR/SEK exchange rate of 10.5410 as of 30 September 2020), including a payment for cash and cash equivalents of EUR 7.6 million, which falls due for payment on 31 March 2021.<sup>1)</sup> If MTG does not carry out the Rights Issue and thereby cannot repay the vendor note, MTG

1) The preliminary amount of the vendor note of EUR 113.6 million is based on an estimated level of InnoGames' net debt and working capital and the amount is subject to a potential adjustment during the first or second quarter of 2021 based on actual levels according to InnoGames' audited accounts for the financial year 2020.

will probably – if MTG cannot obtain alternative financing – also breach the financial covenants of the bridge loan facility at the first test which occurs on 30 June 2021, which would mean that lending banks may declare the bridge loan facility immediately due and payable. If MTG is unable to carry out the Rights Issue as planned, MTG would thus need to seek additional funding for which the terms are not known. Consequently, financial costs that are supported by facts that are known at the time of submitting the pro forma financial information cannot be presented. Due to this, MTG only presents the pro forma income statement down to operating income (EBIT). The effects of the bridge loan facility and the vendor note regarding InnoGames will thus not be apparent from the pro forma income statement. These circumstances are instead described in the section “–Other costs associated with the acquisition of Hutch”. However, the bridge loan financing is included in the pro forma balance sheet as MTG presents this as if the acquisition was carried out on the balance sheet date on 30 September 2020, at which time the financial covenants in the bridge loan facility were fulfilled.

#### *Earn-out payments*

Following the acquisition of Hutch, the income statement item “Other financial items” in MTG’s income statement will include the discounting effect for contingent earn-out payments consideration attributable to the acquisition of Hutch. If other financial items had been included in the pro forma income statement for the nine-month period ended 30 September 2020, a pro forma adjustment regarding the contingent earn-out payments would have been included. Based on an average exchange rate USD/SEK amounting to 9.4081 taken from the Riksbank, this pro forma adjustment would have amounted to SEK 51 million. However, this adjustment of SEK 51 million is not included in the pro forma income statement as MTG – due to the reasons stated above – only presents the pro forma income statement down to EBIT level. For further information on the preliminary purchase price allocation regarding the acquisition of Hutch, see the section “Adjustments regarding the acquisition of Hutch” below.

#### *Adjustments for differences in accounting principles*

MTG has identified the following differences in accounting principles between MTG and Hutch.

#### *Revenue recognition*

The majority of Hutch’s sales relate to sales in games (so-called IAP). For such sales, stores (e.g. App Store or Google Play) charge a fee per purchase. Hutch presents in accordance with UK GAAP revenue from IAP net after deducting the platform fees. When adjusting to MTG’s principles, income and expenses are reported gross in the income statement.

Hutch reports the revenue from IAP sales when the purchase is completed by the end customer. In accordance with MTG’s principles, virtual goods are categorised as either “consumable” or “durable” where revenue from products that are “durable” is accrued over the player’s expected use of the virtual goods.

#### *Leases*

Hutch has reported all lease agreements as rental costs in the income statement. MTG reports lease agreements in accordance with IFRS 16, which means that all lease agreements

(with the exception of short-term lease agreements and lease agreements of low value) are reported in the balance sheet. In order to adapt the accounting of lease agreements to MTG’s principles, the rental cost in the income statement is replaced by depreciation. In the balance sheet, the lease agreements are reported in the form of right-of-use assets and lease liabilities.

#### *Capitalisation of self-generated intangible assets*

According to Hutch’s principles, no expenses for game development are capitalised, but only expenses attributable to the Group’s technology platform. MTG capitalises game development when the criteria in IAS 38 are met, which is considered to occur at some stage in the development projects. Costs that are attributable to game development projects after the game was originally released are normally carried as expense and are only capitalised when working with a follow-up.

#### *Video Games Tax Relief (VGTR)*

Hutch receives support related to game development in the form of a tax credit on certain costs attributable to game development. In accordance with UK GAAP, Hutch reports this as a reduction in the tax expense for the period. According to MTG’s principles, VGTR is considered to constitute government aid. The part of the state aid that is attributable to an asset reduces the acquisition value of the asset and the part of the aid that is attributable to the result reduces the cost for which the aid is provided.

#### *Reclassifications to adapt Hutch’s income statement and balance sheet line items to MTG’s presentation format*

As MTG and Hutch have different forms of presentation for their income statements and balance sheets, the forms of presentation in Hutch’s financial reports have been adapted to comply with MTG’s forms of presentation.

#### *Adjustments regarding the acquisition of Hutch*

The purchase price for the acquisition of Hutch (on a cash and debt free basis) consisted of an initial cash purchase price of USD 265.34 million (corresponding to SEK 2,224 million) and 627,431 new Class B Shares in MTG which some of the sellers subscribed for with payment by set-off at a subscription price corresponding to the volume-weighted average price of the Class B Share on Nasdaq Stockholm between 10 November–7 December 2020 (i.e. SEK 129.8 per share). The fair value of the share consideration thus amounts to SEK 81 million. In addition to this, MTG may be required to pay an earn-out payment that pursuant to a calculation of the present value is estimated to amount to USD 71.6 million (equivalent to SEK 600 million).

In the initial purchase price that was paid at closing on 18 December 2020, MTG also considers adjustments to the purchase price attributable to net debt and working capital pursuant to the closing accounts that are to be prepared, which in the pro forma financial information is estimated to USD 14 million (equivalent to SEK 117 million). The total purchase price in the pro forma accounts thus amounts to SEK 3,022 million. The final purchase price is subject to adjustments based actual levels of net debt and working capital, which will be determined when the closing accounts have been prepared during the first or second quarter of 2021.

*Preliminary purchase price allocation*  
(MSEK)

<b>Purchase price</b>	<b>3,022</b>
<hr/>	
Reported value of acquired net assets Hutch according to UK GAAP	160
Adjustments for differences in accounting principles	-20
Surplus values attributable to intangible non-current assets	667
Deferred tax attributable to surplus values	-127
Group goodwill	2,342
<b>Total</b>	<b>3,022</b>

The preliminary purchase price allocation prepared for the pro forma financial information may deviate from the final purchase price allocation. The preliminary purchase price allocation includes identified surplus values on intangible assets amounting to SEK 667 million, which are amortised during the respective estimated useful lives of these assets. This means that depreciation is added to the pro forma income statement. MTG preliminarily assesses the remaining useful lives as below, which entails additional depreciation of the equivalent of approximately SEK 106 million (SEK 86 million after tax effect) on an annual basis:

- Brand: indeterminable
- IP rights: 4–7 years
- Game titles: 7–8 years
- Customer relationships: 2–6 years

The purchase price allocation is reflected in the pro forma financial information by the initial cash portion of the purchase price of SEK 2,224 million and consideration for adjusting net debt and working capital of SEK 117 million being reported as an increase in current loans of SEK 1,794 million regarding acquisition financing and SEK 547 million as a reduction in cash and cash equivalents. The part of the consideration that is paid through a directed issue of new shares has a fair value amounting to SEK 81 million, and increases the shareholders' equity. The earn-out payment is reported as an increase in liabilities valued at fair value amounting to SEK 600 million. Identified surplus values are reported as additional assets less deferred tax. The residual is reported as goodwill.

*Other costs associated with the acquisition of Hutch*  
*Transaction costs*

Costs directly attributable to the transactions in MTG regarding fees to financial, legal and other advisers are estimated at SEK 16 million. Transaction costs are not charged to the pro forma income statement as they are prepared under the assumption that the transaction costs have been incurred during the period before the completion of the acquisition. There are no recognised transaction costs in MTG: income statement for the period 1 January–30 September 2020 and no adjustment in the pro forma income statement has therefore been made. The pro forma balance sheet is adjusted for estimated transaction costs amounting to SEK 16 million, consisting of fees to financial, legal and other advisers against

equity. The transaction costs are not assumed to have been paid, whereby other non-interest-bearing liabilities increase by the corresponding amount. The costs directly linked to the acquisition are of a non-recurring nature and are not recurring.

*Financing*

To finance the cash consideration for the acquisition of Hutch, MTG has entered into a six-month bridge loan facility with the option to extend the financing for another six months. MTG intends to use the issue proceeds from the Rights Issue to repay the bridge loan facility before the option period is realised. As stated above, however, no issue proceeds have been taken into account in the pro forma financial information.

The nominal amount of the bridge loan financing amounts to SEK 1,800 million and the loan runs with STIBOR 3 months (at least zero percentage points) plus a margin of 1.25 percentage points for the first six months and STIBOR 3 months (at least zero percentage points) plus a margin of 2.25 percentage points for the option period of another six months. Due to the raising of the bridge loan financing, MTG incurs costs amounting to SEK 8.6 million relating to the so-called "Ticking fee", "arrangement fee", "extension fee" and "agency fee". Costs for extension fees and agency fees, amounting to SEK 2.85 million, will only be paid if the option period is exercised. The costs in connection with the raising of the financing are assumed to form part of the effective interest rate for the loan.

As described in the section "*Pro forma adjustments*" above, financial costs are not presented in the pro forma income statement. The pro forma balance sheet shows an increase in cash and cash equivalents and current loans amounting to SEK 1,794 million, which refers to the nominal amount after deductions for borrowing costs paid when raising financing and which is included in the effective interest rate.

*Adjustments for acquisitions of non-controlling interests in InnoGames and the establishment of a new holding company for MTG's gaming operations*

On 7 December 2020, MTG acquired an additional 17 per cent of the shares in InnoGames, which was previously under MTG's controlling influence. Through the acquisition, MTG's ownership in InnoGames increased to 68 per cent. The preliminary purchase price amounted to EUR 113.6 million, corresponding to SEK 1,197 million, based on a EUR/SEK exchange rate of 10.5410 (as of 30 September 2020 according to the Riksbank), and included a payment of cash and cash equivalents of EUR 7.6 million.<sup>2)</sup> The transaction was financed through a vendor note at four per cent interest (on an annual basis). The vendor note will be repaid not later than on 31 March 2021.

In connection with the acquisition of the shares in InnoGames, MTG also established a new holding company for MTG's gaming operations, MTG Gaming AB. All shares in InnoGames, Hutch and Kongregate have been transferred to this holding company. Thus, the non-controlling interest that previously existed in InnoGames has been transferred to MTG Gaming AB, which means that a non-controlling interest of 22.65 per cent arises via MTG Gaming AB in InnoGames, Kongregate and Hutch.

2) The preliminary amount of the vendor note of EUR 113.6 million is based on an estimated level of InnoGames' net debt and working capital and the amount is subject to a potential adjustment during the first or second quarter of 2021 based on actual levels according to InnoGames' audited accounts for the financial year 2020.

The pro forma balance sheet reports a reduction in non-controlling interests amounting to SEK 577 million and a reduction in equity attributable to the owners of the parent

company of SEK 620 million. In addition, the vendor note amounting to SEK 1,197 million is included under current liabilities.

**Pro forma income statement down to operating income (EBIT) for the Group regarding the period 1 January–30 September 2020**

	MTG IFRS (MSEK)	Hutch UK GAAP (KGBP)	Hutch UK GAAP (MSEK)	Pro forma adjustments				Pro forma (MSEK)
				IFRS- adjustments (MSEK)	Note	Acquisition- related adjustments (MSEK)	Note	
Net sales	2,932	29,815	356	127	A, B			3,416
Cost of goods and services sold	-1,339	-2,596	-31	-134	A	-80	F	-1,584
<b>Gross profit</b>	<b>1,593</b>	<b>27,219</b>	<b>325</b>	<b>-7</b>		<b>-80</b>		<b>1,832</b>
Sales costs	-811	-11,067	-132					-943
Administration costs	-854	-8,253	-99	26	C, D, E			-927
Other operating income	26	55	1					27
Other operating expenses	6	-204	-2					4
Profit from participations in associated companies & joint ventures	-1	0	0					-1
Items affecting comparability	-16	0	0					-16
<b>Operating income (EBIT)</b>	<b>-56</b>	<b>7,749</b>	<b>93</b>	<b>19</b>		<b>-80</b>		<b>-25</b>

*Distribution of pro forma operating income (EBIT) between the parent company's shareholders and non-controlling interests*

For illustrative purposes, the distribution of estimated pro forma operating income (EBIT) in the above pro forma income statement between the parent company's shareholders and non-controlling interests has been calculated:

Pro forma operating income (EBIT) as above	-25 MSEK
– Pro forma operating income (EBIT) attributable to non-controlling interests	91 MSEK
= Pro forma operating income (EBIT) attributable to the parent company's shareholders	-115 MSEK

*Notes to the pro forma income statement*

**Note A:** The majority of Hutch's sales relate to sales in games (so-called IAP). In accordance with MTG's principles, IAP revenues and platform fees are reported in gross. Consequently, the presentation is adjusted, which leads to an increase in net sales and cost of goods and services sold by SEK 134 million.

**Note B:** Hutch reports revenue from IAP sales when the purchase is completed by the end customer. In accordance with MTG's principles, revenue for certain goods is accrued over the player's expected use of the virtual goods. Accrual of revenue results in a reduction of net sales by SEK 7 million in the pro forma income statement.

**Note C:** Hutch reports lease agreements in accordance with UK GAAP, which entails a division into operational and financial lease agreements. All agreements have been classified as operating leases. MTG reports lease agreements in accordance with IFRS 16, which means that all lease agreements (with the exception of short-term lease agreements and lease agreements of low value) are reported in the balance sheet. To adapt

the accounting of lease agreements, the operational lease cost for Hutch is removed by an adjustment, which reduces administration costs by SEK 4 million. Furthermore, depreciation on right-of-use assets is added, which increases administration costs by SEK 3.9 million.

**Note D:** In accordance with Hutch's principles, no game development expenses are capitalised. MTG capitalises game development when the criteria in IAS 38 are met, which is considered to occur at some stage in the development projects. In order to reflect MTG's principles, costs relating to new games under development are capitalised in the pro forma income statement that are assumed to have met the criteria in IAS 38 for capitalisation. In the pro forma income statement, administration costs are consequently reduced by SEK 7 million, which is assumed to be subject to capitalisation.

**Note E:** Hutch receives support related to game development in the form of a tax credit on certain attributable costs (so-called VGTR), which in accordance with UK GAAP is reported as a reduction of the period's tax cost. According to MTG's principles, VGTR is considered to constitute government aid. The part of the state aid that is attributable to an asset reduces the acquisition value of the asset and the part of the aid that is attributable to the result reduces the cost for which the aid is provided. In the pro forma income statement, a reduction of administration costs amounting to SEK 18 million is reported regarding VGTR attributable to the result.

**Note F:** In connection with the acquisition, a preliminary purchase price allocation has been carried out. Depreciation of identified and depreciable intangible assets in the preliminary purchase price allocation amounts to GBP 6.7 million in the pro forma income statement, which has been recalculated to SEK with GBP/SEK average price 11.9506 for the period, which corresponds to SEK 80 million.

## Condensed pro forma balance sheet in summary for the Group as of 30 September 2020

	Pro forma adjustments			Pro forma adjustments						Pro forma (MSEK)
	MTG IFRS (MSEK)	MTG Gaming IFRS (MSEK)	Note	Hutch UK GAAP (KGBP)	Hutch UK GAAP (MSEK)	IFRS- adjustments (MSEK)	Note	Acquisition-related adjustments (MSEK)	Note	
<b>Assets</b>										
Goodwill	3,969			0	0			2,342	D	6,311
Other intangible assets	1,389			597	7			667	D	2,063
<b>Total intangible assets</b>	<b>5,358</b>	<b>0</b>		<b>597</b>	<b>7</b>	<b>0</b>		<b>3,009</b>		<b>8,374</b>
<b>Total tangible assets</b>	<b>116</b>	<b>0</b>		<b>281</b>	<b>3</b>	<b>0</b>		<b>0</b>		<b>120</b>
Right-of-use assets	133			0	0	9	C			142
Shares and participations in associated and other companies	221			0	0					221
Other financial assets	284			0	0	5	B			289
<b>Total non-current financial assets</b>	<b>505</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>5</b>		<b>0</b>		<b>510</b>
<b>Total non-current assets</b>	<b>6,113</b>	<b>0</b>		<b>879</b>	<b>10</b>	<b>13</b>		<b>3,009</b>		<b>9,145</b>
<b>Current receivables</b>										
Inventories	35			0	0					35
Other receivables	1,036			8,968	103					1,139
Cash and cash equivalents	1,589			10,283	118			-547	D, E	1,161
<b>Total current receivables</b>	<b>2,659</b>	<b>0</b>		<b>19,251</b>	<b>222</b>	<b>0</b>		<b>-547</b>		<b>2,335</b>
<b>Total assets</b>	<b>8,772</b>	<b>0</b>		<b>20,130</b>	<b>232</b>	<b>13</b>		<b>2,462</b>		<b>11,480</b>
<b>Equity</b>										
Equity	4,868	-620	A	13,911	160	-20	B	-75	D, F, G	4,314
Non-controlling interest	1,361	-577	A	0	0					784
<b>Total equity</b>	<b>6,230</b>	<b>-1,197</b>		<b>13,911</b>	<b>160</b>	<b>-20</b>		<b>-75</b>		<b>5,098</b>
<b>Non-current liabilities</b>										
Lease liabilities	99			0	0	3	C			102
Other interest-bearing liabilities	0			2	0					0
<b>Total non-current interest-bearing liabilities</b>	<b>99</b>	<b>0</b>		<b>2</b>	<b>0</b>	<b>3</b>		<b>0</b>		<b>102</b>
Provisions	630			0	0			127	D	757
Liabilities valued at fair value	338			0	0			600	D	938
Other non-interest-bearing liabilities	3			0	0					3
Total non-current non-interest-bearing liabilities	971	0		0	0	0		727		1,698
<b>Total non-current liabilities</b>	<b>1,070</b>	<b>0</b>		<b>2</b>	<b>0</b>	<b>3</b>		<b>727</b>		<b>1,800</b>

The table continues on next page

PRO FORMA FINANCIAL INFORMATION

	Pro forma adjustments			Pro forma adjustments						Pro forma (MSEK)
	MTG IFRS (MSEK)	MTG Gaming IFRS (MSEK)	Note	Hutch UK GAAP (KGBP)	Hutch UK GAAP (MSEK)	IFRS- adjustments (MSEK)	Note	Acquisition-related adjustments (MSEK)	Note	
Current liabilities										
Liabilities valued at fair value	11			0	0					11
Loan	0	1,197	A	784	9			1,794	E	3,001
Leasing liabilities	36			0	0	5	C			41
Other non-interest-bearing liabilities	1,426			5,433	63	25	B	16	F	1,530
<b>Current liabilities</b>	<b>1,472</b>	<b>1,197</b>		<b>6,217</b>	<b>72</b>	<b>30</b>		<b>1,810</b>		<b>4,582</b>
<b>Total liabilities</b>	<b>2,542</b>	<b>1,197</b>		<b>6,219</b>	<b>72</b>	<b>34</b>		<b>2,537</b>		<b>6,382</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>8,772</b>	<b>0</b>		<b>20,130</b>	<b>232</b>	<b>13</b>		<b>2,462</b>		<b>11,480</b>

Notes to the pro forma balance sheet

**Note A:** In connection with the transaction, a new holding company was established for MTG's gaming operations, MTG Gaming AB, to which 100 per cent of the shares in InnoGames, Kongregate and Hutch have been transferred. Prior to this restructuring, MTG acquired an additional 17 per cent of the shares in InnoGames, which was previously under MTG's controlling influence. The purchase price amounted to EUR 113.6 million, corresponding to SEK 1,197 million based on a EUR/SEK exchange rate of 10.5410 as of 30 September 2020 (according to the Riksbank). The acquisition was financed through a vendor note that shall be repaid not later than on 31 March 2021. The non-controlling interest that previously existed in InnoGames has been transferred to MTG Gaming AB, which means that a non-controlling interest will exist in both InnoGames, Kongregate and Hutch via MTG Gaming AB. MTG owns 77.35 per cent of the shares in MTG Gaming AB, which means that the proportion of holdings without a controlling influence amounts to 22.65 per cent.

The pro forma balance sheet reports a decrease in non-controlling interests amounting to SEK 577 million and a decrease in equity attributable to the owners of the parent company of SEK 620 million. In addition, the vendor note amounting to SEK 1,197 million is included under current liabilities.

**Note B:** Hutch reports in accordance with UK GAAP revenue from IAP sales when the purchase is made by the end customer. In accordance with MTG's principles, virtual goods are categorised as either "consumable" or "durable". Revenue from products that are "durable" is accrued over the player's expected use of the virtual product. The pro forma balance sheet shows prepaid revenue amounting to SEK 25 million, a deferred tax receivable of SEK 5 million and a reduction in equity of SEK 20 million attributable to products that are "durable".

**Note C:** Hutch reports lease agreements in accordance with UK GAAP, which means a division into operational and financial lease agreements. All agreements have been classified as operating leases. MTG reports lease agreements in accordance with IFRS 16, which means that all lease agreements (with the exception of short-term lease agreements and lease agreements of low value) are reported in the balance sheet. In the pro forma balance sheet, right-of-use assets amounting to SEK 9 million, non-current leasing liabilities of SEK 3 million and current leasing liabilities of SEK 5 million are reported.

**Note D:** In connection with the acquisition, a preliminary purchase price allocation has been carried out. The total purchase price amounts to SEK 3,022 million and is distributed as follows:

- SEK 2,224 million in initial cash consideration
- SEK 117 million attributable to estimated adjustments to the purchase price regarding net debt and working capital paid in cash
- SEK 81 million in initial share consideration (Class B Shares in MTG)
- SEK 600 million is reported as a financial liability attributable to a contingent earn-out payment

In the preliminary purchase price allocation, intangible assets amounting to SEK 667 million have been identified. In addition, a deferred tax liability attributable to the intangible assets amounting to SEK 127 million is reported. The net assets in Hutch, after the above pro forma adjustments, amount to SEK 140 million – which are eliminated in the consolidation. The remaining part of the purchase price, amounting to SEK 2,342 million, consists of goodwill.



**Note E:** In connection with the acquisition, MTG entered into an agreement on a bridge loan facility for six months with the option to extend for another six months. The nominal amount of the bridge loan financing amounts to SEK 1,800 million. The loan runs with STIBOR 3 months (at least zero percentage points) plus a margin of 1.25 percentage points for the initial six months and STIBOR 3 months (at least zero percentage points) plus a margin of 2.25 percentage points for the option period of another six months. Due to the raising of bridge financing, MTG incurs costs amounting to SEK 8.6 million relating to “ticking fee”, “arrangement fee”, “extension fee” and “agency fee. Costs for extension fees and agency fees, amounting to SEK 2.85 million, will only be paid if the option period is exercised. The costs in connection with the financing are assumed to form part of the effective interest rate for the loan. The pro forma balance sheet shows an increase in cash and cash equivalents and current loans amounting to SEK 1,794 million, which refers to the nominal amount after deductions for borrowing costs paid when raising the financing that is included in the effective interest rate.

**Note F:** In the pro forma balance sheet adjustments are made against equity for estimated transaction costs amounting to SEK 16 million, consisting of fees to financial, legal and other advisers against equity. The transaction costs are not assumed to have been paid, whereby other non-interest-bearing liabilities increase by the corresponding amount.

**Note G:** Equity has been affected by the following pro forma adjustments (MSEK)

Acquired net assets in Hutch	-140
Estimated transaction costs	-16
Share consideration	81
Total	-75

# INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS



To the Board of Directors of Modern Times Group MTG AB (publ), corporate identity number 556309-9158

## **Report on the compilation of pro forma financial information included in a prospectus**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Modern Times Group MTG AB ("the company") by the Board of Directors. The pro forma financial information consists of the pro forma balance sheet as of 30 September 2020 and the pro forma income statement down to operating income (EBIT) for the period 1 January–30 September 2020 and related notes as set out on pages 40–47 in this Prospectus. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2019/980 and described on pages 40–44.

The pro forma financial information has been compiled by the Board of Directors to illustrate the hypothetical impact the acquisition and financing of Hutch Games Ltd., the acquisition and financing of additional shares in InnoGames GmbH and the establishment of a new holding company for the gaming operations, carried out during December 2020, could have had on MTG's consolidated income statement for the Group down to operating income (EBIT) for the period 1 January–30 September 2020, had the transactions been carried out on 1 January 2020, and the consolidated balance sheet for the Group as of 30 September 2020 if the transactions had been completed at that date. As part of this process, information about the company's financial position and financial performance has been extracted by the Board of Directors from the company's financial statements for the period ended 30 September 2020, on which a review report has been published.

## **Responsibilities of the Board of Directors for the pro forma financial information**

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the Delegated Regulation (EU) 2019/980.

## **Our independence and quality control**

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Auditor's responsibility**

Our responsibility is to express an opinion about whether the pro forma information, in all material respects, has been compiled correctly by the Board of Directors in accordance with the Delegated Regulation (EU) 2019/980, on the bases given and that these bases are consistent with the company's accounting policies.

We have conducted the engagement in accordance with International Standard on Assurance Engagements ISAE 3420 *Assurance engagements to report on the compilation of pro forma financial information included in a prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information in accordance with the delegated regulation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF  
PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the company's unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 1 January 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient and appropriate audit evidence about whether:

- The pro forma adjustments have been compiled correctly on the specified basis.
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information
- The stated basis comply with the company's accounting policies.

The procedures selected depend on the auditor's judgment, having regard to his or hers understanding of nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion the pro forma financial information has been compiled, in all material respects, on the bases stated on pages 40–47 and these bases are consistent with the accounting policies applied by the company.

Stockholm 22 January 2021

**KPMG AB**

Helena Nilsson

*Authorized Public Accountant*

# SELECTED HISTORICAL FINANCIAL INFORMATION

*This section contains selected historical financial information regarding the financial years 2018–2019 and the periods January–September 2019 and January–September 2020. The financial information for the financial years 2018 and 2019 has been obtained from MTG’s annual report for the financial years 2018 and 2019, which has been prepared in accordance with the Annual Accounts Act (Sw. Årsredovisningslagen) as well as IFRS and interpretative statements from the IFRS Interpretation Committee (IFRIC) as adopted by the EU. In 2019, a separation of the Group was carried out, which resulted in NENT Group and certain other operations were reported as discontinued operations and that the comparative figures for 2018 were adjusted in accordance with applicable regulations. In order to present financial information that is comparable between the financial years 2018 and 2019, MTG has in this prospectus decided to present unaudited financial information for the financial year 2018 in the sections “Consolidated income statement” and “Consolidated cash flow statements”. This unaudited and financial information has been taken from MTG’s audited annual report for the financial year 2019. The information for the financial year 2018 in the section “Consolidated balance sheets” has been taken from MTG’s annual report for the financial year 2018. The annual reports for the financial years 2018 and 2019 have been audited by MTG’s independent auditor KPMG AB in accordance with what is stated in the accompanying auditor’s reports. Other information in the prospectus has not been audited by MTG’s auditor unless otherwise stated.*

*The financial information for the periods January–September 2019 and January–September 2020 has been taken from MTG’s unaudited interim reports for the periods January–September 2019 and interim report for the period January–September 2020, which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. In 2020, a small business was reported as a discontinued business and the comparative figures for 2019 have been adjusted in accordance with applicable regulations. In order to present financial information that is comparable between the periods January–September 2019 and January–September 2020, MTG has chosen to collect the financial information in this prospectus for the period January–September 2019 in the sections “Consolidated income statement” and “Consolidated cash flow statements” from MTG’s unaudited interim report for the period January–September 2020. The financial information as of 30 September 2019 in the section “Consolidated balance sheets” have been retrieved from MTG’s unaudited interim report for the period January–September 2019. Interim information for the periods January–September 2019 and January–September 2020 has not been subject to audit but has been reviewed by MTG’s independent auditor KPMG AB in accordance with what is stated in the accompanying auditor’s reports.*

*Since 1 January 2019, MTG has applied IFRS 16 Leasing Agreements. At the transition, MTG applied the so-called modified retrospective method, which means that the comparative figures for the financial year 2018 have not been recalculated (which in turn affects comparability).*

*Certain information in MTG’s annual reports for the financial years 2018 and 2019 as well as interim reports for the periods January–September 2019 and January–September 2020 are incorporated by reference and form part of the prospectus, see the section “–Historical financial information incorporated by reference” below.*

**Consolidated income statements in summary**

(MSEK)	Nine-month period ending 30 September <sup>1)</sup>		Financial year ending 31 December <sup>2)</sup>	
	2020	2019	2019	2018
<b>Continued operations</b>				
Net sales	2,932	3,079	4,242	3,841
Cost of goods and services	-1,339	-1,626	-2,293	-1,843
<b>Gross income</b>	<b>1,593</b>	<b>1,453</b>	<b>1,949</b>	<b>1,999</b>
Selling expenses	-811	-778	-1,068	-1,002
Administrative expenses	-854	-832	-1,146	-1,193
Other operating income	26	21	36	51
Other operating expenses	6	-8	-26	-33
Share of earnings in associated companies and joint ventures	-1	-3	0	-1
Items affecting comparability	-16	-54	-152	139
<b>EBIT/Operating income</b>	<b>-56</b>	<b>-201</b>	<b>-407</b>	<b>-41</b>
Net interest	-6	5	1	50
Other financial items	1	-10	-28	25
<b>Income before tax</b>	<b>-61</b>	<b>-206</b>	<b>-435</b>	<b>35</b>
Tax	-100	-45	-23	-141
<b>Net income for the period/year, continuing operations</b>	<b>-162</b>	<b>-251</b>	<b>-458</b>	<b>-107</b>
<b>Discontinued operations</b>				
International Entertainment	-	1,433	1,433	207
Nordic Entertainment Group	-	13,646	13,646	1,292
Other business	-	-67	-227	-239
<b>Net income for the period/year, from discontinued operations</b>	<b>-</b>	<b>15,012</b>	<b>14,852</b>	<b>1,260</b>
<b>Total net income for the period</b>	<b>-162</b>	<b>14,761</b>	<b>14,394</b>	<b>1,153</b>
<b>Profit for the period/year from continuing operations, attributable to:</b>				
Equity holders of the parent	-294	-344	-551	-212
Non-controlling interest	133	93	93	105
<b>Net income for the period/year</b>	<b>-162</b>	<b>-251</b>	<b>-458</b>	<b>-107</b>
<b>Total result for the period/year attributable to:</b>				
Equity holders of the parent	-294	14,668	14,293	1,037
Non-controlling interest	133	93	101	116
<b>Total net income for the period/year</b>	<b>-162</b>	<b>14,761</b>	<b>14,394</b>	<b>1,153</b>
<b>Continuing operations</b>				
Basic earnings per share (SEK)	-4.37	-5.11	-8.19	-3.17
Diluted earnings per share (SEK)	-4.37	-5.11	-8.19	-3.15
<b>Total</b>				
Basic earnings per share (SEK)	-4.37	217.81	212.68	15.52
Diluted earnings per share (SEK)	-4.37	217.81	212.68	15.40
<b>Number of shares</b>				
Shares outstanding at the end of the period	67,342,244	67,342,244	67,342,244	66,980,902
Basic average number of shares outstanding	67,342,244	67,257,534	67,278,885	66,854,133
Diluted average number of shares outstanding	67,342,244	67,257,534	67,278,885	67,362,405

1) The information is taken from MTG's consolidated financial statements in summary which is included in the interim report for the period January–September 2020.

2) The information is taken from MTG's consolidated audited financial statements included in the annual report for the financial year 2019. The annual report has been audited by MTG's independent auditor KPMG AB in accordance with what is stated in the accompanying auditor's report.

**Consolidated balance sheets in summary**

(MSEK)	30 September <sup>1)</sup>	
	2020	2019
<b>Non-current assets</b>		
Goodwill	3,969	4,079
Other intangible assets <sup>2)</sup>	1,389	1,660
<b>Total intangible assets</b>	<b>5,358</b>	<b>5,739</b>
<b>Total tangible assets<sup>3)</sup></b>	<b>116</b>	<b>142</b>
Right of use assets	133	175
Shares and participations in associated and other companies <sup>4)</sup>	221	202
Other financial receivables <sup>5)</sup>	284	268
<b>Total non-current financial assets</b>	<b>505</b>	<b>471</b>
<b>Total non-current assets</b>	<b>6,113</b>	<b>6,527</b>
<b>Current assets</b>		
Inventories <sup>6)</sup>	35	22
Other receivables <sup>7)</sup>	1,035	1,180
Cash, cash equivalents and current investments	1,589	2,019
<b>Total current assets<sup>8)</sup></b>	<b>2,659</b>	<b>3,221</b>
<b>Total assets</b>	<b>8,772</b>	<b>9,748</b>
<b>Equity</b>		
Shareholders' equity <sup>9)</sup>	4,868	5,653
Non-controlling interest	1,361	1,429
<b>Total equity</b>	<b>6,230</b>	<b>7,082</b>
<b>Non-current liabilities</b>		
Lease liabilities	99	129
Other non-current interest-bearing liabilities	–	–
<b>Total non-current interest-bearing liabilities</b>	<b>99</b>	<b>129</b>

1) The information is taken from MTG's unaudited consolidated financial statements in summaries included in the interim reports for the periods January–September 2019 and January–September 2020.

2) The item "Other intangible assets" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Capitalised expenses", "Trademarks" and "Customer relations".

3) The item "Total tangible assets" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Machinery" and "Equipment, tools and installations".

4) The item "Shares and participations in associated companies and other companies" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Shares and participations in associated companies and joint ventures" and "Shares and participations in other companies".

5) The item "Other financial assets" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Receivables from associated companies", "Other non-current receivables" and "Deferred tax assets".

6) The item "Inventories" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Finished goods and merchandise" and "Advances to suppliers".

7) The item "Other receivables" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Accounts receivable", "Accounts receivable in associated companies", "Tax receivables", "Other receivables, non-interest-bearing" and "Prepaid expenses and accrued income".

8) The item "Total current receivables" corresponds to the following item in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Total current assets".

9) The item "Equity" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Share capital", "Other contributed capital", "Reserves" and "Retained earnings including profit for the year".

*The table continues on next page*

SELECTED HISTORICAL FINANCIAL INFORMATION

(MSEK)	30 September <sup>1)</sup>	
	2020	2019
Provisions <sup>2)</sup>	630	628
Liabilities at fair value	338	400
Other non-interest-bearing liabilities	3	1
<b>Total non-current non-interest-bearing liabilities</b>	<b>971</b>	<b>1,028</b>
<b>Total non-current liabilities</b>	<b>1,070</b>	<b>1,158</b>
<b>Current liabilities</b>		
Liabilities at fair value	11	29
Borrowings	–	2
Lease liabilities	36	47
Other non-interest-bearing liabilities <sup>3)</sup>	1,426	1,429
<b>Total current liabilities</b>	<b>1,472</b>	<b>1,508</b>
<b>Total liabilities</b>	<b>2,542</b>	<b>2,666</b>
<b>Total shareholders' equity and liabilities</b>	<b>8,772</b>	<b>9,748</b>

1) The information is taken from MTG's unaudited consolidated financial statements in summaries included in the interim reports for the periods January–September 2019 and January–September 2020.

2) The item "Provision" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Provisions" and "Deferred tax liabilities".

3) The item "Other non-interest-bearing liabilities" corresponds to the following items in the balance sheets for the financial years ended 31 December 2018 and 2019, respectively: "Advances from customers", "Accounts payable", "Tax liabilities", "Provisions", "Other liabilities" and "Accrued expenses and prepaid income".

**Consolidated balance sheets**

(MSEK)	31 December <sup>1)</sup>	
	2019	2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Capitalised expenditure	316	519
Trademarks	734	1,350
Customer relations	360	877
Goodwill	3,961	6,159
<b>Total intangible assets</b>	<b>5,371</b>	<b>8,904</b>
<i>Tangible assets</i>		
Machinery	14	55
Equipment, tools and installations	112	215
<b>Total tangible assets</b>	<b>126</b>	<b>270</b>
Right of use assets	139	–
<i>Long term financial assets</i>		
Shares and participations in associated companies and joint ventures	21	46
Receivables from associated companies	0	9
Shares and participations in other companies	198	88
Other non-current receivables	30	141
<b>Total non-current financial assets</b>	<b>250</b>	<b>284</b>
Deferred tax receivables	247	232
<b>Total non-current assets</b>	<b>6,133</b>	<b>9,690</b>
<b>Current assets</b>		
<i>Inventories</i>		
Finished goods and merchandise	13	73
Program rights	–	2,352
Advances to suppliers	8	18
<b>Total inventories</b>	<b>21</b>	<b>2,443</b>
<i>Current receivables</i>		
Accounts receivable	433	1,683
Accounts receivable, associated companies	–	2
Tax receivables	8	44
Other receivables, non interest-bearing	221	478
Prepaid programming expense	–	2,875
Prepaid expense and accrued income	322	1,316
Assets held for sale	–	931
<b>Total current receivables</b>	<b>985</b>	<b>7,330</b>
Cash and cash equivalents	1,824	862
<b>Total current assets</b>	<b>2,831</b>	<b>10,634</b>
<b>Total assets</b>	<b>8,964</b>	<b>20,324</b>

1) The information is taken from MTG's consolidated audited financial statements for the financial years 2018 and 2019 which are included in the annual reports for the financial years 2018 and 2019. The annual reports have been audited by MTG's independent auditor KPMG AB in accordance with what is stated in the accompanying auditor's reports.

The table continues on next page



(MSEK)	31 December <sup>1)</sup>	
	2019	2018
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent company</b>		
Share capital	338	338
Other paid-in capital	286	203
Reserves	267	-95
Retained earnings including net income for the year	4,288	5,231
<b>Total equity attributable to equity holders of the parent company</b>	<b>5,179</b>	<b>5,678</b>
<i>Non-controlling interest</i>		
Non-controlling interest	1,402	1,320
<b>Total equity</b>	<b>6,581</b>	<b>6,997</b>
<b>Non-current liabilities</b>		
<i>Interest-bearing</i>		
Bond loan	-	500
Lease liabilities	103	-
<b>Total non-current interest-bearing liabilities</b>	<b>103</b>	<b>500</b>
<i>Non-interest bearing</i>		
Non-interest bearing liabilities	0	6
Deferred tax liabilities	416	828
Provisions	109	229
Liabilities at fair value	377	405
<b>Total non-current non-interest-bearing liabilities</b>	<b>903</b>	<b>1,469</b>
<b>Total non-current liabilities</b>	<b>1,006</b>	<b>1,969</b>
<b>Current liabilities</b>		
<i>Interest-bearing</i>		
Liabilities to financial institutions	0	3,179
Lease liabilities	37	-
<b>Total current interest-bearing liabilities</b>	<b>37</b>	<b>3,179</b>
<i>Non-interest-bearing</i>		
Advances from customers	73	596
Accounts payable	251	1,947
Tax liabilities	16	307
Provisions	9	169
Liabilities at fair value	-	37
Other liabilities	189	466
Accrued programming expense	-	2,364
Accrued expense and deferred income	800	1,912
Liabilities related to assets held for sale	-	380
<b>Total current non-interest-bearing liabilities</b>	<b>1,339</b>	<b>8,178</b>
<b>Total current liabilities</b>	<b>1,376</b>	<b>11,357</b>
<b>Total liabilities</b>	<b>2,382</b>	<b>13,326</b>
<b>Total equity and liabilities</b>	<b>8,963</b>	<b>20,324</b>

1) The information is taken from MTG's consolidated audited financial statements for the financial years 2018 and 2019 which are included in the annual reports for the financial years 2018 and 2019. The annual reports have been audited by MTG's independent auditor KPMG AB in accordance with what is stated in the accompanying auditor's reports.

**Consolidated cash flow statements in summary**

(MSEK)	Nine-month period ending 30 September <sup>1)</sup>	
	2020	2019
Cash flow from operations <sup>2)</sup>	188	-94
Changes in working capital <sup>3)</sup>	-12	-111
<b>Net cash flow to/from operations</b>	<b>175</b>	<b>-205</b>
Proceeds from sales of shares <sup>4)</sup>	–	1,868
Acquisitions of subsidiaries, associates and other investments	-45	-79
Investments in other non-current assets	-166	-173
Other cash flow from/used in investing activities	0	0
<b>Cash flow from/used in investing activities</b>	<b>-211</b>	<b>1,615</b>
Net change in borrowings <sup>5)</sup>	0	-3,677
Repayment borrowings and other capital restructuring items NENT Group	–	3,854
Dividends to minority owners	-188	–
Other cash flow from/used in financing activities <sup>6)</sup>	-31	-43
<b>Cash flow from/used in financing activities</b>	<b>-218</b>	<b>135</b>
<b>Net change in cash and cash equivalents, continuing operations</b>	<b>-254</b>	<b>1,545</b>
<b>Cash flow, discontinued operations</b>	<b>–</b>	<b>-626</b>
<b>Total net change in cash and cash equivalents</b>	<b>-254</b>	<b>920</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,824</b>	<b>862</b>
Translation differences in cash and cash equivalents	19	24
Change in cash and cash equivalents in assets held for sale	–	213
<b>Cash and cash equivalents at end of the period</b>	<b>1,589</b>	<b>2,019</b>

1) The information is taken from MTG's unaudited consolidated financial statements in summary included in the interim report for the period January–September 2020.

2) The item "Cash flow from operations" corresponds to the following items in the cash flow analyses for the financial years ended 31 December 2018 and 2019, respectively: "Profit for the year" and "Adjustments of items in profit for the year that did not generate cash flow from operations".

3) The item "Changes in working capital" corresponds to the following items in the cash flow analyses for the financial years ended 31 December 2018 and 2019, respectively: "Increase (-)/decrease (+) net software inventory", "Increase (-)/decrease (+) other current receivables", "Increase (+)/decrease (-) accounts payable" and "Increase (+)/decrease (-) other current liabilities".

4) The item "Proceeds from sales of shares" corresponds to the following item in the cash flow analyses for the financial years ended 31 December 2018 and 2019, respectively: "Sale of subsidiaries and associated companies".

5) The item "Net change in borrowings" corresponds to the following items in the cash flow analyses for the financial years ended 31 December 2018 and 2019, respectively: "Change in current borrowing" and "Change in non-current borrowing".

6) The item "Other cash flow from/used in financial activities" corresponds to the following items in the cash flow analyses for the financial years ended 31 December 2018 and 2019, respectively: "Reduction of interest-bearing receivables" and "Leasing fees".

**Consolidated cash flow statements**

(MSEK)	Financial year ending 31 December <sup>1)</sup>	
	2019	2018
<b>Cash flow from operations</b>		
Net income for the year	-458	1,153
Adjustments to reconcile net income/loss to net cash provided by operations	388	457
<b>Cash flow from operations, continuing operations</b>	<b>-71</b>	<b>1,610</b>
<b>Changes in working capital</b>		
Increase (-)/decrease (+) net programme inventories	-8	-454
Increase (-)/decrease (+) other current receivables	-284	-448
Increase (+)/decrease (-) accounts payable	42	224
Increase (+)/decrease (-) other current liabilities	134	109
<b>Total change in working capital</b>	<b>-117</b>	<b>-568</b>
<b>Net cash flow from operations, continuing operations</b>	<b>-188</b>	<b>1,042</b>
<b>Investing activities</b>		
Investment in other non-current assets	-238	-765
Acquisitions of subsidiaries, associates	-96	-235
Divestments of subsidiaries and associates and other companies	1,876	297
Other cash flow from investing activities	4	-76
<b>Cash flow from investing activities, continuing operations</b>	<b>1,546</b>	<b>-779</b>
<b>Financing activities</b>		
Change in current borrowings	-3,179	452
Change in non-current borrowings	-500	-
Repayment borrowings and other capital restructuring items NENT	3,854	-
Decrease of other non-current receivables	-87	32
Lease payments	-48	-
Dividends to shareholders	-	-834
Dividends to shareholders with non-controlling interest	-	-257
<b>Cash flow from financing activities, continuing operations</b>	<b>40</b>	<b>-608</b>
<b>Total cash flow, continuing operations</b>	<b>1,398</b>	<b>-344</b>
<b>Cash flow, discontinued operations</b>	<b>-653</b>	<b>4</b>
<b>Cash flow from the year</b>	<b>746</b>	<b>-340</b>
Cash and cash equivalents at beginning of year	862	1,394
Translation differences in cash and cash equivalents	4	30
Change in cash and cash equivalents reclassified to assets held for sale	213	-221
<b>Cash and cash equivalents at end of year</b>	<b>1,824</b>	<b>862</b>

1) The information is taken from MTG's consolidated audited financial statements included in the annual report for the financial year 2019. The annual report has been audited by MTG's independent auditor KPMG AB in accordance with what is stated in the accompanying auditor's report.

**Selected segment information**

(MSEK)	Nine-month period ending 30 September <sup>1)</sup>		Financial year ending 31 December <sup>2)</sup>	
	2020	2019	2019	2018
<b>Esport</b>				
Net sales	885	1,196	1,712	1,520
EBIT/Operating income	-275	-259	-430	-85
<b>Gaming</b>				
Net sales	2,047	1,881	2,531	2,296
EBIT/Operating income	312	247	269	323
<b>Central operations/eliminations</b>				
Net sales	0	3	0	25
EBIT/Operating income	-93	-189	-246	-279
<b>Total operations</b>				
Net sales	2,932	3,079	4,242	3,841
EBIT/Operating income	-56	-201	-407	-41

1) The information is taken from MTG's unaudited consolidated financial statements in summary included in the interim report for the period January–September 2020.

2) The information is taken from MTG's consolidated audited financial statements included in the annual report for the financial year 2019. The annual report has been audited by MTG's independent auditor KPMG AB in accordance with what is stated in the accompanying auditor's report.

## Selected alternative performance measures and operational key figures

In this section, MTG presents certain financial and operational key ratios, including certain key ratios that are not measures of financial results or financial position in accordance with IFRS (so-called alternative performance measures). The alternative performance measures are based on information obtained from MTG's annual report for the financial year 2019 and unaudited interim reports for the period January–September 2020, as well as internal accounting and reporting systems that are subject to MTG's internal control over financial reporting. The alternative performance measures that MTG presents are not measures of financial performance in accordance with IFRS, but measures that MTG uses to follow the underlying development of MTG's operations. Alternative performance measures should not be considered as substitutes for income statement, balance sheet or cash flow items calculated in accordance with IFRS. The alternative performance measures do not necessarily indicate whether MTG's cash flow will be sufficient or available to meet MTG's liquidity needs and are not necessarily indicative of MTG's historical results. Alternative performance measures are neither intended to constitute any form of indication regarding MTG's future results. MTG uses IFRS key figures and alternative performance measures for several purposes in the management of MTG and presents these key figures because they are considered important and may help investors understand MTG's development from period to period and facilitates a comparison with similar companies. As not all companies calculate these and other alternative performance measures in the same way, the way in which MTG has chosen to calculate the alternative performance measures presented in this prospectus may result in the key figures not being comparable with similar measures presented by other companies. The sections "Reconciliations of alternative performance measures" and "Definitions of alternative performance measures" below provide information on how MTG calculates the alternative performance measures and MTG's purpose for reporting them.

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
<b>Group</b>				
EBIT / Operating income <sup>1)</sup>	-56	-201	-407	-41
EBIT margin <sup>2)</sup>	-2%	-7%	-10%	-1%
EBITDA <sup>2)</sup>	159	13	-109	177
EBITDA margin <sup>2)</sup>	5%	0%	-3%	5%
Adjusted EBITDA <sup>2)</sup>	342	155	239	99
Adjusted EBITDA margin <sup>2)</sup>	12%	5%	6%	3%
Organic growth <sup>2)</sup>	-5%	7%	7%	9%
<b>Gaming vertical</b>				
EBIT / Operating income <sup>1)</sup>	312	247	269	323
EBITDA <sup>2)</sup>	472	401	485	475
Adjusted EBITDA <sup>2)</sup>	599	431	605	513
Adjusted EBITDA margin <sup>2)</sup>	29%	23%	24%	22%
MAUs <sup>3)</sup>	11.3	12.1	11.8	14.0
DAUs <sup>3)</sup>	2.4	2.8	2.8	2.9
ARPDAs <sup>3)</sup>	3.2	2.5	2.5	2.2
<b>Esports vertical</b>				
EBIT / Operating income <sup>1)</sup>	-275	-259	-430	-85
EBITDA <sup>2)</sup>	-223	-201	-351	-19
Adjusted EBITDA <sup>2)</sup>	-178	-159	-213	-171
Adjusted EBITDA margin <sup>2)</sup>	-20%	-13%	-12%	-11%

1) The information regarding the nine-month periods ending on 30 September 2019 and 30 September 2020 is taken from MTG's unaudited consolidated financial statements in summary as included in the interim report for the period January–September 2020. The information regarding the financial years 2018 and 2019 are taken from MTG's consolidated audited financial statements included in the annual report for the financial year 2019. The annual report has been audited by MTG's independent auditor KPMG AB in accordance with the accompanying auditor's report.

2) Alternative performance measures not defined in accordance with IFRS. See the sections "–Reconciliations of alternative performance measures" and "–Definitions of alternative performance measures" for information on how MTG calculates the alternative performance measures and MTG's purpose in reporting them.

3) Operational key figures. See the sections "Reconciliations of operational key figures" and "Definitions of operational key figures" for information on how MTG calculates the operational key figures and MTG's purpose in reporting them.

**Reconciliations of alternative performance measures***Group*  
*EBITDA*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
EBIT/Operating income	-56	-201	-407	-41
Reversal: Depreciation and impairments on intangible non-current assets	147	143	202	162
Reversal: Depreciation and impairments on tangible non-current assets	68	72	96	56
<b>EBITDA</b>	<b>159</b>	<b>14</b>	<b>-109</b>	<b>177</b>

*EBITDA margin*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
EBITDA	159	14	-109	177
Net sales	2,932	3,079	4,242	3,841
<b>EBITDA margin</b>	<b>5%</b>	<b>0%</b>	<b>-3%</b>	<b>5%</b>

*Adjusted EBITDA*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
EBITDA	159	14	-109	177
<b>Adjustments:</b>				
Items affecting comparability	16	54	152	-139
Impairment own capitalised costs	9	-	93	13
Long-term incentive programs	142	65	76	13
M&A transaction costs	16	23	28	34
<b>Adjusted EBITDA</b>	<b>342</b>	<b>156</b>	<b>239</b>	<b>99</b>

*Adjusted EBITDA margin*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
Adjusted EBITDA	342	156	239	99
Net sales	2,932	3,079	4,242	3,841
<b>Adjusted EBITDA margin</b>	<b>12%</b>	<b>5%</b>	<b>6%</b>	<b>3%</b>

*EBIT margin*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
EBIT/Operating income	-56	-201	-407	-41
Net sales	2,932	3,079	4,242	3,841
<b>EBIT margin</b>	<b>-2%</b>	<b>-7%</b>	<b>-10%</b>	<b>-1%</b>

*Organic growth*

	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
Total operations				
Reported growth	-5%	10%	10%	34%
Acquisition/divestments	-	1%	1%	-19%
Exchange rate effects	0%	-5%	-4%	-6%
<b>Organic growth</b>	<b>-5%</b>	<b>7%</b>	<b>7%</b>	<b>9%</b>

*Gaming vertical**EBITDA and Adjusted EBITDA*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
EBIT	312	247	269	323
Amortisation and depreciation	160	153	216	152
<b>EBITDA</b>	<b>472</b>	<b>401</b>	<b>485</b>	<b>475</b>
Adjustments <sup>1)</sup>	126	30	120	38
<b>Adjusted EBITDA</b>	<b>599</b>	<b>431</b>	<b>605</b>	<b>513</b>

1) Adjustments for the effects of items affecting comparability, long-term incentive programs, acquisition-related transaction costs, write-downs of capitalised internal work and write-downs of items on the balance sheet.

*Adjusted EBITDA margin*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
Adjusted EBITDA	599	431	605	513
Net sales	2,047	1,881	2,531	2,296
<b>Adjusted EBITDA margin</b>	<b>29%</b>	<b>23%</b>	<b>24%</b>	<b>22%</b>

*Esports vertical**EBITDA and Adjusted EBITDA*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
EBIT/Operating income	-275	-259	-430	-85
Amortisation and depreciation	52	58	79	66
<b>EBITDA</b>	<b>-223</b>	<b>-201</b>	<b>-351</b>	<b>-19</b>
Adjustments <sup>1)</sup>	45	42	138	-152
<b>Adjusted EBITDA</b>	<b>-178</b>	<b>-159</b>	<b>-213</b>	<b>-171</b>

1) Adjustments for the effects of items affecting comparability, long-term incentive programs, acquisition-related transaction costs, write-downs of capitalised internal work and write-downs of items on the balance sheet.

*Adjusted EBITDA margin*

(MSEK)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
Adjusted EBITDA	-178	-159	-213	-171
Net sales	885	1,196	1,712	1,520
<b>Adjusted EBITDA margin</b>	<b>-20%</b>	<b>-13%</b>	<b>-12%</b>	<b>-11%</b>

## Definitions of alternative performance measures

Alternative performance measure	Definition	Explanation of use
<b>EBIT/Operating income</b>	Net income for the period from continuing operations before other financial items, net interest and tax	Used to assess MTG's profitability
<b>EBIT margin</b>	EBIT divided by net sales	Used to assess MTG's efficiency and value creation
<b>EBITDA</b>	Profit for the period from continuing operations before other financial items, net interest, tax and depreciations and amortisations	Used to assess MTG's profitability
<b>EBITDA margin</b>	EBITDA divided by net sales	Used to assess MTG's efficiency and value creation
<b>Adjusted EBITDA</b>	EBITDA, adjusted for the effects of items affecting comparability, long-term incentive programs, acquisition-related transaction costs and impairments of capitalised internal work	Used to assess MTG's underlying profitability
<b>Adjusted EBITDA margin</b>	EBITDA, adjusted for the effects of items affecting comparability, long-term incentive programs, acquisition-related transaction costs and impairments of capitalised internal work, divided by net sales	Used to assess MTG's underlying efficiency and value creation
<b>Organic growth</b>	The change in net sales compared with the same period last year, excluding acquisitions, divestments and adjusted for currency effects	Used to assess MTG's underlying growth in local currency

## Reconciliations of operational key figures

### ARPDau

(MSEK unless otherwise stated)	Nine-month period ending 30 September		Financial year ending 31 December	
	2020	2019	2019	2018
DAU (million)	2.4 <sup>1)</sup>	2.8 <sup>2)</sup>	2.8 <sup>3)</sup>	2.9 <sup>4)</sup>
Net sales gaming vertical	2,047	1,881	2,531	2,296
No. of days	273	273	365	365
<b>ARPDau</b>	<b>3.2</b>	<b>2.5</b>	<b>2.5</b>	<b>2.2</b>

1) Calculated as the average of a DAU of 2.4 million during January–March, 2.5 million during April–June and 2.2 million during July–September 2020.

2) Calculated as the average of a DAU of 2.9 million during January–March, 2.8 million during April–June and 2.7 million during July–September 2019.

3) Calculated as the average of a DAU of 2.9 million during January–March, 2.8 million during April–June, 2.7 million during July–September and 2.6 during October–December 2019.

4) Calculated as the average of a DAU of 3.2 million during January–March, 2.9 million during April–June, 2.8 million during July–September and 2.7 during October–December 2018.

## Definitions of operational key figures

Operational key figure	Definition	Explanation of use
<b>MAU</b>	Monthly active user. MTG does only present MAU on a quarterly basis in its interim reports. Consequently, in the prospectus, MAU for the financial years ending 31 December 2018 and 2019, respectively, is calculated as the average of the MAU presented by MTG for the first, second, third and fourth quarters of 2018 and 2019, respectively. For the same reason, MAU for the periods January–September 2019 and 2020, respectively, is calculated as the average of the MAU presented by MTG for the first, second and third quarters of 2019 and 2020, respectively.	Used to assess the underlying development of MTG's games
<b>DAU</b>	Daily active user. MTG does only present DAU on a quarterly basis in its interim reports. Consequently, in the prospectus, DAU for the financial years ending 31 December 2018 and 2019, respectively, is calculated as the average of the DAU presented by MTG for the first, second, third and fourth quarters of 2018 and 2019, respectively. For the same reason, DAU for the periods January–September 2019 and 2020, respectively, is calculated as the average of the DAU presented by MTG for the first, second and third quarters of 2019 and 2020, respectively.	Used to assess the underlying development of MTG's games
<b>ARPDau</b>	Average net revenue per daily active user.	Used to assess the underlying development of MTG's games



**Historical financial information incorporated by reference**

The following financial information regarding MTG is incorporated by reference and forms part of the prospectus. The information is available on MTG's website, [www.mtg.com](http://www.mtg.com). The non-incorporated parts of the following document are either not relevant for the investor or covered elsewhere in the prospectus.

- MTG's audited annual report for the financial year 2019 (the Swedish language version). The reference only refers to the consolidated income statement on page 47, statement of comprehensive income on page 48, consolidated balance sheet on pages 49–50, statement of changes in equity on page 51, consolidated statement of cash flows on page 52, notes on pages 58–93 and auditor's report on pages 95–98.
- MTG's audited annual report for the financial year 2018 (the Swedish language version). The reference only refers to the balance sheet for the Group on pages 37–38 and the auditor's report on pages 84–87.
- MTG's reviewed interim report for the period January–September 2020 (the Swedish language version). The reference refers only to the condensed consolidated income statement on page 18, statement of comprehensive income on page 19, condensed consolidated balance sheet on page 20, statement of changes in equity in summary on page 21, condensed statement of cash flows on page 21 and the auditor's review report on page 17.
- MTG's reviewed interim report for the period January–September 2019 (the Swedish language version). The reference only refers to the condensed consolidated balance sheet on page 19 and the auditor's review report on page 16.

# PRELIMINARY FINANCIAL INFORMATION FOR 2020

## Background

In connection with the publication of MTG's interim report for January–September 2020 on 4 November 2020, MTG announced the following guidance on the esports vertical's expected net sales growth during the second half of 2020 compared to the corresponding period in 2019 as well as a so-called profit forecast regarding the expected adjusted EBITDA for the Group for the second half of 2020.

*"Revenue in the esports vertical is expected to decline by approximately 27–32 (previously 30–40) per cent during the second half of 2020, compared with the corresponding period in 2019, as a result of the ongoing coronavirus pandemic and its impact on conducting physical live events with audiences, players and partners present. This decline is predominantly driven by most Own & Operated (O&O) and Esport Services (ESS) events being either moved online in H2 2020, postponed to 2021, or in a few instances canceled. MTG expects a return to a more normal operational performance starting from when borders are fully open, and when it is allowed to conduct large physical and live events under safe conditions.*

*ESL and DreamHack will continue to reduce both cost of goods and services sold and fixed costs. These savings will be at least SEK 325 million (no change) for the second half of 2020 compared to the second half of 2019, and are designed to deliver operational efficiency and enhance the future potential of the operations when the current pandemic comes to an end.*

*Group adjusted EBITDA for the second half of 2020 is expected to amount to between SEK 375–400 million (250–300). The improvement is on the back of continued strong user engagement and successful in-game events in the gaming vertical where we continue to see a stronger momentum also post lock-downs."*

On 14 January 2021, MTG announced the below a so-called profit estimate for 2020. The purpose of the announcement of the profit estimate was to provide the market and MTG's shareholders with updated company information prior to the determination of the final terms for the Rights Issue on 18 January 2021 and the extraordinary general meeting that was to address the approval of the Rights Issue on 21 January 2021. The financial information regarding the fourth quarter 2020 and the full-year 2020 in the following section has not been audited or reviewed by MTG's auditors. Further, the information is of a preliminary nature. MTG's complete interim report for the fourth quarter 2020 is planned to be published on 25 February 2021.

According to the below profit estimate for 2020, the revenue development of the esports vertical exceeded the previously announced guidance on the development of net sales for the second half of 2020 (-25 per cent organic revenue growth compared to the guidance of -27 to -32 per cent). Further, according to the below profit estimate for 2020, the adjusted EBITDA for the Group was in line with the above profit forecast (SEK 390 million compared to the forecast of SEK 375 to 400 million). Due to the announcement of the profit estimate for 2020, the above profit forecast is no longer valid.

## Preliminary financial information for 2020

### Financial highlights for the fourth quarter 2020

- Consolidated group net sales declined by 9 per cent to SEK 1,064 (1,163) million with a negative impact of foreign exchange rates of 6 per cent.
- Organic net sales growth declined by 3 per cent.
- Consolidated group adjusted EBITDA amounted to SEK 193 (84) million, representing a margin of 18 per cent (7%).
- EBITDA adjustments of SEK 22 (207) million comprised costs for Items affecting comparability (IAC) of SEK -7 (98) million, Impairment of own capitalized costs of SEK 11 (93) million, Long-term incentive (LTI) programs of SEK -10 (11) million and M&A transaction costs of SEK 28 (5) million.
- Consolidated group EBITDA was SEK 171 (-123) million.

### Preliminary Group financial summary

(MSEK)	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
<b>Continuing operations</b>				
Net sales	1,064	1,163	3,997	4,242
of which esports	429	516	1,315	1,712
of which gaming	635	650	2,682	2,531
Adjusted EBITDA	193	84	535	239
Adjusted EBITDA margin	18%	7%	13%	6%
Adjustments	-22	-207	-205	-349
EBITDA	171	-123	330	-109
<b>Net sales growth y-o-y</b>				
Organic growth	-3%	12%	-4%	7%
Acquisitions/divestments	–	0%	–	-1%
Changes in FX rates	-6%	3%	-2%	4%
Reported growth	-9%	15%	-6%	10%

### Esports

- In the fourth quarter, net sales for esports decreased by 17 per cent to SEK 429 (516) million, with a negative impact of foreign exchange rates of 4 per cent. Organic net sales decreased by 13 per cent.
- Adjusted EBITDA amounted to SEK 15 (-54) million in the quarter, representing a margin of 3 per cent (-10%).
- EBITDA adjustments of SEK 11 (96) million comprised costs for long-term management incentive programs of SEK 10 million and IAC costs of SEK -4 million and M&A transaction costs of SEK 5 million.
- EBITDA amounted to SEK 3 (-150) million in the quarter.

**Preliminary Esports financial overview**

(MSEK)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	429	516	1,315	1,712
Adjusted EBITDA	15	-54	-163	-213
Adjusted EBITDA margin	3%	-10%	-12%	-12%
<i>Adjustments</i>	-11	-96	-56	-138
EBITDA	3	-150	-220	-351
<b>Net sales growth y-o-y</b>				
Organic growth	-13%	11%	-22%	8%
Changes in FX rates	-4%	4%	-1%	5%
Reported growth	-17%	15%	-23%	13%

**Gaming**

- In the fourth quarter, net sales for gaming decreased by 2 per cent to SEK 635 (650) million with a negative impact of foreign exchange rates of 6 per cent. Organic net sales increased by 4 per cent.
- Adjusted EBITDA amounted to SEK 202 (174) million representing a margin of 32 (27) per cent.
- EBITDA adjustments of SEK 15 (90) million comprised reduction of costs for long-term management incentive programs of SEK -20 million, IAC costs of SEK 5 million, M&A transaction costs of SEK 20 million, and write-down of capitalised development costs of SEK 10 million.
- EBITDA amounted to SEK 187 (84) million in the quarter.
- The game development pipeline is progressing according to plan.

**Preliminary Gaming financial overview**

(MSEK)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	635	650	2,682	2,531
Adjusted EBITDA	202	174	800	605
Adjusted EBITDA margin	32%	27%	30%	24%
<i>Adjustments</i>	-15	-90	-141	-120
EBITDA	187	84	659	485
<b>Net sales growth y-o-y</b>				
Organic growth	4%	13%	7%	6%
Changes in FX rates	-6%	4%	-1%	4%
Reported growth	-2%	17%	6%	10%

**Key balance sheet items**

Total interest-bearing debt amounted to SEK 3,067 million comprising a bridge loan facility of SEK 1,800 million used for financing the acquisition of Hutch, a vendor note of SEK 1,141 million related to the acquisition of 17 per cent of InnoGames in December 2020, and the remaining amount is related to leasing debt. The Group had cash and cash equivalents of SEK 1,153 million at the end of the period, resulting in a net debt position of SEK 1,914 million. Contingent consideration amounted to SEK 565 million of which the main part is related to the discounted potential earn-out payments to be paid to the shareholders of Hutch.

**Accounting policies etc.**

The above profit estimate for 2020 been compiled and prepared on a basis which is comparable with MTG's historical financial information and is in all material respect consistent with the accounting policies applied by MTG in the preparation of its annual report for the financial year 2019.

# CAPITALISATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

## Capitalisation and net indebtedness

Pursuant to the Prospectus Regulation, the prospectus must contain a statement of capitalisation and indebtedness as of a date that falls no earlier than 90 days before the date of the prospectus. Since the balance sheet date according to MTG's most recently published interim financial report is 30 September 2020 (which is earlier than 90 days before the date of the prospectus), MTG hereby presents in the tables below the statement of capitalisation and indebtedness as of 30 November 2020. The information has been retrieved from MTG's internal accounting system and is not audited.

MTG presents the statement of capitalisation and indebtedness partly on an actual basis (i.e. based on amounts reported in MTG's internal accounting system), and partly on an adjusted basis to illustrate the effects of events that contributed to MTG's capitalisation and indebtedness has changed significantly since 30 November 2020 and future transactions that may contribute a significant change of MTG's capitalisation and indebtedness.

The information on MTG's capitalisation and indebtedness on an adjusted basis in this section constitutes forward-looking statements. Although MTG believes that the expectations reflected in these forward-looking statements are reasonable, MTG cannot give any assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual result or outcome could differ materially from those set out in the forward-looking statements as a result of many factors outside MTG's control. Several of these factors are described in section "Risk factors". The forward-looking statements in this section speak only as of the date of this prospectus. MTG undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or other regulations. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements in this section.

## Events that have occurred (since 30 November 2020):

- Restructuring of the esports vertical, which, *inter alia*, resulted in MTG's obligation to acquire minority shares in ESL being canceled and a non-current option debt of SEK 338 million related to this obligation being cancelled in December 2020.
- Acquisition of an additional 17 per cent of the shares in InnoGames in December 2020 and raising of current debt in the form of a vendor note which as of 30 November 2020 amounted to SEK 1,151 million (corresponding to EUR 113.6 million converted to SEK with application of an exchange rate for EUR/SEK of 10.128430).
- Acquisition of all shares in Hutch in December 2020 and payment of a cash purchase price of SEK 2,346 million (corresponding to USD 279 million converted to SEK with application of an exchange rate for USD/SEK of 8.3809) and raising of a current debt of SEK 1,800 million in the form of a bridge loan facility in connection therewith as well as the payment of a share-based purchase price in the form of a new issue of 627,431 Class B Shares with payment by set-off against a current debt of SEK 81 million (according to a resolution at the extraordinary general meeting on 21 Janu-

ary 2021). For the acquisition of Hutch, a cash earnout may potentially be paid, which pursuant to a calculation of the present value is reported as a non-current debt of SEK 600 million.

## Future transactions:

- New issue of 28,320,697 Class B Shares through the Rights Issue (i.e. with the assumption that the Rights Issue will be fully subscribed). The rights issue will, if fully subscribed for, provide MTG with proceeds of SEK 2,549 million before deductions for transaction costs of SEK 27 million.
- Cash repayment of the bridge loan facility of SEK 1,800 million after the completion of the Rights Issue.
- Cash repayment of the vendor note of SEK 1,151 million when it falls due for payment.

For more information on the restructuring of the esports vertical, see the section "–Restructuring of the esports vertical during the fourth quarter of 2020" below. For more information about the vendor note and the bridge loan facility, see the section "–Financing arrangements related to the acquisitions of Hutch and additional shares in InnoGames in December 2020" below.

*Capitalisation*

(MSEK)	30 nov 2020	Adjustments	30 nov 2020 on adjusted basis
<b>Current debt</b>			
Guaranteed	–	–	–
Secured	–	0 <sup>1)</sup>	0
Unguaranteed/unsecured*	36	–	36
<b>Total current debt</b>	<b>36</b>	<b>0</b>	<b>36</b>
<b>Non-current debt</b>			
Guaranteed	–	–	–
Secured	–	–	–
Unguaranteed/unsecured*	437	262 <sup>2)</sup>	699
<b>Total non-current debt</b>	<b>437</b>	<b>262</b>	<b>699</b>
<b>Shareholders' equity</b>			
Share capital	338	145 <sup>3)</sup>	483
Paid-in capital	286	2,458 <sup>4)</sup>	2,745
Reserves etc. (excluding net income for the period)*	5,894	-1 151 <sup>5)</sup>	4,743
<b>Total capitalisation</b>	<b>6,991</b>	<b>1,715</b>	<b>8,706</b>

\* The item "Unguaranteed/unsecured current debt" in the column "30 Nov 2020" consists of leasing liabilities in accordance with IFRS 16 amounting to SEK 36 million. The item "Unguaranteed/unsecured non-current debt" in the column "30 Nov 2020" consists of leasing debt according to IFRS 16 amounting to SEK 99 million and option debt amounting to SEK 338 million. The item "Reserves etc. (excl. net income for the period)" in the column "30 Nov 2020" consists of retained earnings amounting to SEK 4,184 million, other reserves amounting to SEK 349 million and non-controlling interests amounting to SEK 1,361 million.

- 1) The sum of raising current debt in the form of a vendor note in connection with the acquisition of an additional 17 per cent of the shares in InnoGames (+1,151 MSEK, corresponding to 113,6 MEUR converted to SEK with the application of an exchange rate for EUR/SEK as of 10,128430), raising current debt in the form of a bridge loan facility in connection with the acquisition of Hutch (+1,800 MSEK), cash repayment of the bridge loan facility after the completion of the Rights Issue (-1,800 MSEK) and cash repayment of the vendor note when it falls due for payment (-1,151 MSEK).
- 2) The sum of cancellation of the obligation for MTG to acquire minority shares in ESL and cancellation of non-current option debt related to this obligation (SEK -338 million) and the raising of a non-current debt related to the potential earnout for the acquisition of Hutch (+600 million, according to a calculation of the present value).
- 3) The sum of the increase of the share capital increase in connection with the Rights Issue (+142 MSEK) and the directed set-off issue of 627,431 Class B Shares to certain sellers of Hutch decided on by the extraordinary general meeting on 21 January 2021 (+3 MSEK).
- 4) The sum of the payment from the Rights Issue (+2,549 MSEK) and the directed set-off issue of 627,431 Class B Shares to certain sellers of Hutch which the extraordinary general meeting decided on 21 January 2021 (+ 81 MSEK), less issue costs (-27 MSEK) and less the part of the proceeds from the Rights Issue and the directed set-off issue that is reported as share capital (-145 MSEK).
- 5) Reduction attributable to the acquisition of 17 per cent of the shares in InnoGames. As MTG is already consolidating InnoGames, the remuneration reduces equity.

*Net indebtedness*

(MSEK)	30 nov 2020	Adjustments	30 nov 2020 on adjusted basis
(A) Cash	1,589	-981 <sup>1)</sup>	609
(B) Cash equivalents	–	–	–
(C) Trading securities	–	–	–
<b>(D) Liquidity (A) + (B) + (C)</b>	<b>1,589</b>	<b>-981</b>	<b>609</b>
(E) Current financial receivables	–	–	–
(F) Current bank debt	–	0 <sup>2)</sup>	0
(G) Current portion of non-current liabilities	–	–	–
(H) Other current interest-bearing liabilities**	36	0 <sup>3)</sup>	36
<b>(I) Current interest-bearing liabilities (F) + (G) + (H)</b>	<b>36</b>	<b>0</b>	<b>36</b>
<b>(J) Net current indebtedness (I) - (E) - (D)</b>	<b>-1,554</b>	<b>981</b>	<b>-573</b>
(K) Non-current bank debt	–	–	–
(L) Bonds issued	–	–	–
(M) Other non-current interest-bearing liabilities**	437	262 <sup>4)</sup>	699
<b>(N) Non-current interest-bearing liabilities (K) + (L) + (M)</b>	<b>437</b>	<b>262</b>	<b>699</b>
<b>(O) Net indebtedness (J) + (N)</b>	<b>-1,117</b>	<b>1,243</b>	<b>126</b>

\* The net indebtedness table only includes interest-bearing liabilities.

\*\* The item "Other current interest-bearing liabilities" in the column "30 Nov 2020" consists of leasing liabilities in accordance with IFRS 16 amounting to SEK 36 million. The item "Other non-current interest-bearing liabilities" in the column "30 Nov 2020" consists of leasing debt according to IFRS 16 amounting to SEK 99 million and option debt amounting to SEK 338 million.

- Sum of payment of the initial cash purchase price for the acquisition of Hutch (-2,346 MSEK, corresponding to 279 MUSD converted to SEK with application of an exchange rate for USD / SEK of 8.3809) which on the closing date was financed through a bridge loan facility (+1,800 MSEK) and cash of SEK 552 million, payment of financing costs related to the bridge loan facility (-6 MSEK), receipt of cash net cash from the assumed fully subscribed Rights Issue (2,522 MSEK), cash repayment of the bridge loan facility after the completion of the Rights Issue (-1,800 MSEK) and cash repayment of the vendor note when it falls due for payment (-1,151 MSEK, corresponding to 113.6 MEUR converted to SEK with application of an exchange rate for EUR / SEK of 10.128430).
- The sum of current debt in the form of a bridge loan facility in connection with the acquisition of Hutch in (+1,800 MSEK) and cash repayment of the bridge loan facility in connection with the implementation of the Rights Issue (-1,800 MSEK).
- The sum of current liabilities in the form of a vendor note in connection with the acquisition of an additional 17 per cent of the shares in InnoGames (-1,151 MSEK, corresponding to EUR 113.6 million converted to SEK with the application of an exchange rate for EUR / SEK of 10.128430) and cash repayment of the vendor note when it falls due for payment (+1,151 MSEK).
- The sum of cancellation of the obligation for MTG to acquire minority shares in ESL and cancellation of non-current option debt related to this obligation (-338 MSEK) and non-current debt related to the potential earnout for the acquisition of Hutch (+600 MSEK, according to a calculation of the present value).

**Indirect and contingent indebtedness**

As of 30 November 2020, the Group had no indirect and contingent indebtedness.

**Restructuring of the esports vertical during the fourth quarter of 2020**

During the fourth quarter of 2020, MTG restructured its esports vertical through a merger of ESL Gaming and DreamHack. MTG owns 91.46 per cent of the new merged company – ESL Gaming – which in turn owns 100 per cent of shares in DreamHack. The merger was made, *inter alia*, in order to create a larger platform to continue to drive MTG's growth in a more efficient way. In connection with the restructuring, MTG's obligation to acquire minority shares in ESL Gaming was cancelled, which resulted in the non-current option debt related to this obligation was cancelled in December 2020.

For more information on the restructuring, see the section "Business overview–Strategy–Esports strategy–The merger of ESL and DreamHack".

**Financing arrangements related to the acquisitions of Hutch and additional shares in InnoGames in December 2020***The vendor note regarding InnoGames*

In December 2020, MTG acquired an additional 17 per cent of the shares in InnoGames and thereby increased its shareholding in the Company to 68 per cent. MTG financed the acquisition of the shares in InnoGames through a vendor's note of a preliminary amount of EUR 113.6 million at four per cent interest (on an annual basis) and falls due for payment on 31 March 2021. The preliminary amount of the vendor note of EUR 113.6 million is based on an estimated level of InnoGames' net debt and working capital and is subject to adjustment during the first or second quarter of 2021, based on actual amounts according to InnoGames' audited accounts for the financial year 2020.

***The bridge loan facility regarding Hutch***

MTG financed the initial cash purchase price for the acquisition of Hutch through a new bridge loan facility of SEK 1,800 million from DNB Bank ASA, Sweden branch and Swedbank. The bridge loan facility has an initial term of six months until 2 June 2021 – with an option for MTG to extend the term for an additional six months until 2 December 2021.

The bridge loan facility contains customary financial covenants meaning that MTG's leverage (calculated as the ratio between net debt and EBITDA, determined in accordance with the terms of the bridge loan facility) may not exceed a level set out in the bridge loan facility and a financial covenant meaning that MTG's cash and cash equivalents must at least be on a minimum level set out in the bridge loan facility. If MTG breaches any of the financial covenants, the lending banks may declare the bridge loan facility immediately due and payable (however, at the earliest in connection with the so-called test date which occurs on 30 June 2021). The first covenant test shall be carried out by MTG providing the lending banks with the interim report for January–June 2021 (in connection with its publication, however, not later than 60 days after 30 June 2021) and a so-called compliance certificate, setting out the information needed for determining whether MTG complies with the financial covenants or not.

The bridge loan facility has an interest rate of STIBOR 3 months (with a floor of zero percentage points) plus a margin of 1.25 percentage points for the first six months and STIBOR 3 months (with a floor of zero percentage points) plus a margin of 2.25 percentage points for the option period of another six months.

Pursuant to the terms of the bridge loan facility, MTG is obliged to use the net proceeds from the Rights Issue and any other equity capital raising to repay the bridge loan facility.

**Working capital statement**

MTG's assessment is that the existing working capital is not sufficient for MTG's needs during the coming twelve-month period.

According to MTG's assessment, the working capital shortfall for the coming twelve-month period amounts to SEK 2,080 million. The main reasons for the shortfall are the vendor note of EUR 113.6 million that MTG issued in connection with the acquisition of additional shares in InnoGames and the bridge loan facility of SEK 1,800 million that MTG raised in connection with the acquisition of Hutch.

As of 31 December 2020, MTG's cash and cash equivalents amounted to SEK 1,152 million. If MTG does not take into account the net proceeds of SEK 2,522 million received in the event of a fully subscribed Rights Issue or MTG's potential ability to raise alternative financing, MTG estimates that a working capital shortfall of SEK 125 million will arise when the vendor note falls due for payment on 31 March 2021 and a working capital shortfall of SEK 2,066 million will arise when

the bridge loan facility falls due for payment on 2 December 2021. Should the Rights Issue not be subscribed for to such an extent that MTG is able to repay the bridge loan facility with the proceeds from the Rights Issue and should MTG at the same time not be successful in raising alternative financing for the repayment of the bridge loan facility, there is a risk that MTG will breach certain financial covenants related to MTG's available cash and leverage at the test date for such financial covenants falling on 30 June 2021. Should MTG breach any of the financial covenants, the lending banks may declare that the bridge loan facility be immediately due and payable, which would result in MTG's working capital shortfall related to the repayment of the bridge loan facility arising already on 30 June 2021 (or at the later date when the lending banks declare that the Company has breached the financial covenants, in accordance with the terms and conditions of the bridge loan facility). For more information on the financial covenants and the terms and conditions of the bridge loan facility, see the sections "*Capitalisation, indebtedness and other financial information—Financing arrangements related to the acquisitions of Hutch and additional shares in InnoGames in December 2020*".

However, in the event of full subscription, the Rights Issue will provide MTG with proceeds of SEK 2,549 million before issue costs of SEK 27 million. MTG will use the net proceeds from the Rights Issue to repay the bridge loan facility of SEK 1,800 million and to repay the vendor note of a preliminary amount of EUR 113.6 million (together with part of MTG's cash and cash equivalents). Based on the assumption that the Rights Issue is fully subscribed for and that MTG's liquidity forecast per the day of the prospectus is unchanged until MTG repays the vendor note and the bridge loan facility, MTG's board of directors assesses that MTG's working capital will be sufficient for MTG's needs during the next twelve months after the completion of the Rights Issue. If MTG is unable to carry out the Rights Issue or if the proceeds raised from the Rights Issue do not cover the repayment of both the vendor note and the bridge loan facility, MTG may be forced to use a larger portion of its cash and cash equivalents than expected and also seek additional financing. MTG's assessment is that the conditions for raising any additional loan financing are good.

**Significant changes since 30 September 2020**

Apart from the changes attributable to the acquisition of additional shares in InnoGames and the acquisition of Hutch (including related financing arrangements), there have been no significant changes in MTG's financial results or financial position since 30 September 2020. For a description of these changes, see the sections "*Pro forma financial information*" and "*—Capitalisation and net indebtedness*" above. For a description of MTG's profit estimate for the fourth quarter of 2020, see the section "*Preliminary financial information for 2020*" above.

# BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

## The board of directors

Pursuant to the Company's articles of association, the board of directors shall consist of three to nine members. The board of directors currently consists of the following seven members, appointed for the period until the close of the annual general meeting 2021.

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### DAVID CHANCE

*Chairman since 2003. Member of the Remuneration Committee.*

**Born:** 1957.

**Principal education:** Bachelor of Arts in Psychology, Bachelor of Science in Industrial Relations and MBA from the University of North Carolina.

**Current positions outside MTG:** Chairman of the board of directors of Nordic Entertainment Group AB and member of the board of directors of PCCW Limited (Hong Kong).

**Previous positions outside MTG (last five years):** –

**Shareholding in MTG:** 3,565 Class B Shares.

**Independence pursuant to the Swedish Corporate**

**Governance Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.

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### SIMON DUFFY

*Board member since 2008. Chairman of the Audit Committee.*

**Born:** 1949.

**Principal education:** Master's graduate of the University of Oxford and holds an MBA from Harvard Business School.

**Current positions outside MTG:** Chairman of the board of directors of Telit Communications Plc and YouView TV Ltd and chairman of the board of governors of Manchester Metropolitan University. Board member of Wizz Air Holdings Plc, Nordic Entertainment AB and Oger Telecom Limited.

**Previous positions outside MTG (last five years):** Chairman of the board of Mblox Inc. and board member of Millicom International Cellular.

**Shareholding in MTG:** 1,750 Class B Shares.

**Independence pursuant to the Swedish Corporate**

**Governance Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.

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### GERHARD FLORIN

*Board member since 2018. Member of the Remuneration Committee.*

**Born:** 1959.

**Principal education:** Master's and PhD degrees in Macroeconomics from the University of Augsburg in Germany.

**Current positions outside MTG:** Board member in Codemasters PLC.

**Previous positions outside MTG (last five years):** Chairman of King Digital Entertainment and board member of Tipoico, Funcom and Kobojo.

**Shareholding in MTG:** –

**Independence pursuant to the Swedish Corporate**

**Governance Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.

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### NATALIE TYDEMAN

*Board member since 2017. Chairman of the Remuneration Committee.*

**Born:** 1971.

**Principal education:** Bachelor of Arts in Mathematics from the University of Oxford and an MBA from Harvard Business School.

**Current positions outside MTG:** Senior Investment Director at Kinnevik AB (publ), Trustee at Nesta (chairman of the Venture Investment Committee and Nesta Investment Management) as well as board member of Nordic Entertainment Group AB and FutureLearn Ltd.

**Previous positions outside MTG (last five years):** Managing Partner for VT Partners LLP, Senior Partner at GMT Communications Partners and Trustee at Central British Fund.

**Shareholding in MTG:** –

**Independence pursuant to the Swedish Corporate**

**Governance Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.



**MARJORIE LAO**

*Board member since 2020. Member of the Audit Committee.*

**Born:** 1974.

**Principal education:** MBA from Harvard Business School and a Bachelor of Science. from the University of the Philippines.

**Current positions outside MTG:** Member of the board of directors and the audit committee of Logitech International, member of the board of directors and chair of the audit committee of MyTheresa Netherlands as well as member of the Europe Advisory Board of Harvard Business School.

**Previous positions outside MTG (last five years):** EVP and CFO as well as SVP-Finance at LEGO Group.

**Shareholding in MTG:** –

**Independence pursuant to the Swedish Corporate**

**Governance Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.

**CHRIS CARVALHO**

*Board member since 2020. Member of the Audit Committee.*

**Born:** 1965.

**Principal education:** MBA from UCLA Anderson School of Management and a Bachelor of Science from the University of California, Berkeley.

**Current positions outside MTG:** Board member of Roblox and Rogue Games. Advisor to Chalk, Specifio and 4D Sight.

**Previous positions outside MTG (last five years):** Board member of G5 Entertainment, Performance Lab technologies and MaxPlay.

**Shareholding in MTG:** 2,500 Class B Shares.

**Independence pursuant to the Swedish Corporate**

**Governance Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.

**Senior executives**

MTG's senior management currently consists of the following four senior executives.

**MARIA REDIN**

*CEO and president since 2020.*

**Born:** 1978.

**Principal education:** Master's degree in International Business from the University of Gothenburg.

**Current positions outside MTG:** Deputy board member of Djupgallen AB, Askestock Förvaltning AB and The Weaverbird Group AB.

**Previous positions outside MTG (last five years):** Board member of NetEnt AB (publ).

**Holdings in MTG:** 10,036 MTG Class B Shares and 58,284 warrants of series 2019/2022.

**DAWN HUDSON**

*Board member since 2020. Member of the Audit Committee.*

**Born:** 1957.

**Principal education:** Bachelor of Arts in English and Economics from Dartmouth College.

**Current positions outside MTG:** Board member of NVIDIA and board member of Interpublic Group. Member of the board and compensation committee of Rodan and Fields.

**Previous positions outside MTG (last five years):** EVP and Chief Marketing Officer at the National Football League.

**Shareholding in MTG:** 2,630 Class B Shares.

**Independence pursuant to the Swedish Corporate**

**Governance Code:** Independent in relation to the Company, the senior management and the Company's major shareholders.

**LARS TORSTENSSON**

*CFO and head of communications & investor relations since 2020.*

**Born:** 1973.

**Principal education:** Master of Science in Business Administration from Jönköping International Business School.

**Current positions outside MTG:** –

**Previous positions outside MTG (last five years):** Head of Communications at Sweco AB and positions in communications, investor relations, strategy and business development at Gelato AS and Tele2 AB as well as employment with Swedbank Robur and Handelsbanken Asset Management.

**Holdings in MTG:** 10,000 Class B Shares and 25,904 warrants of series 2019/2022.

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**ARND BENNINGHOFF**

*EVP, Esports & Gaming since 2014.*

**Born:** 1969.

**Principal education:** "Diplom-Kaufmann" in Business and Administration from University of Münster.

**Current positions outside MTG:** Board member in Edgewise AB.

**Previous positions outside MTG (last five years):** CDO for ProSieben Sat1 Media AG, Munich.

**Holdings in MTG:** –

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**JOHAN LEVINSSON**

*Group General Counsel since 2018.*

**Born:** 1978.

**Principal education:** Master of Laws (LL.M.) from Uppsala University.

**Current positions outside MTG:** –

**Previous positions outside MTG (last five years):** Lawyer at the law firms Hamilton and Ashurst.

**Holdings in MTG:** 410 Class B Shares and 14,247 warrants of series 2019/2022.

**Additional information regarding the board of directors and senior executives**

All members of the board of directors and senior executives can be reached at the Company's address: Skeppsbron 18, SE- 111 30 Stockholm, Sweden.

There are no family ties between any of the board members and the senior executives. No board member nor any senior executive has any private or other interests that may conflict with the Company's interests. However, some board members hold shares in the Company, and certain members of senior management holds shares and/or warrants in the Company. There are no arrangements between the Company and major shareholders, customers, suppliers or other parties pursuant to which any board member has been elected to the board of directors or any senior executives have been appointed as senior executives.

For the past five years, none of the board members or senior executives has been convicted in fraud-related cases, involved in or representing companies that have been declared bankrupt or subject to compulsory liquidation or banned by court from being a member of a company's administrative, management or supervisory bodies or to exercise leading or overall functions of an issuer. During the last five years, no regulatory or supervisory authority (including designated professional bodies) has officially held any board member or senior executive responsible, and/or issued sanctions against such a person, for a crime.

**Auditor**

The annual general meeting on 18 May 2020 re-elected KPMG AB, corporate identification number 556043-4465, as auditor for the period until the end of the annual general meeting 2021. Helena Nilsson has been the principal auditor since 2020. Joakim Thilstedt was the principal auditor during the period 2013 to 2020. Helena Nilsson and Joakim Thilstedt are authorised public accountants and members of FAR (the institute for the accounting profession in Sweden). KPMG AB's address is KPMG AB, Box 16106, 103 23 Stockholm.

# SHARES, SHARE CAPITAL AND OWNERSHIP STRUCTURE

## Shares and share capital

According to MTG's articles of association the share capital shall not be less than SEK 298 000 000 and not be more than SEK 1 192 000 000, divided into not less than 59,600,000 shares and not more than 238,400,000 shares. Shares can be issued in three classes: Class A Shares, Class B Shares and Class C Shares. All classes of shares can be issued in a number corresponding to 100 per cent of the share capital in the Company.

MTG has issued two classes of shares: Class A Shares and Class B Shares. As of 30 September 2020, MTG's registered share capital amounted to SEK 338,235,620, divided into 67,647,124 shares (of which 545,662 Class A Shares and 67,101,462 Class B Shares). The quota value of the shares was SEK 5.00 per share.

The shares in MTG are issued in accordance with Swedish law, fully paid and denominated in SEK. The shares are not subject to restrictions in relation to its free transferability. The shareholders' rights can only be altered in accordance with the procedures specified in the Swedish Companies Act (2005:551).

## Decided changes in the share capital and the number of shares in connection to the Rights Issue

The extraordinary general meeting on 21 January 2021 resolved upon a new issue of 627,431 Class B Shares directed to certain sellers of Hutch, through which the number of shares in MTG increased from 67,647,124 shares (of which 545,662 Class A Shares and 67,101,462 Class B Shares) to 68,274,555 shares (of which 545,662 Class A Shares and 67,728,893 Class B Shares).

## Changes in the share capital and the number of shares in connection with the Rights Issue

### Increase in share capital and number of shares

The Rights Issue will, upon full subscription, result in the number of shares in MTG increasing from 68,274,555 shares (of which 545,662 Class A Shares and 67,728,893 Class B Shares) to 96,595,252 shares (of which 545,662 Class A Shares and 96,049,590 Class B Shares), which corresponds to an increase of the total number of shares of approximately 41.5 per cent and an increase of the total number of approximately 38.7 per cent. At the same time, the share capital will increase by SEK 141,603,485, from SEK 341,372,775 to SEK 482,976,260. The quota value of the shares will be unchanged at SEK 5.00 per share.

### Dilution

For shareholders who decide not to subscribe for Class B Shares in the Rights Issue, a dilution effect of not more than 28,320,697 new Class B Shares arises, corresponding to approximately 29.3 per cent of the total number of shares in MTG after the Rights Issue and 27.9 per cent of the total number of votes in MTG after the Rights Issue (calculated including the 304,880 Class B Shares held by MTG on the date of the prospectus).

## Net asset value per share

The table below shows the net asset value (Sw. *substansvärde*) per share before and after the Rights Issue respectively, based on the Group's equity as of 30 September 2020 and the maximum number of Class B Shares that MTG may issue in the Rights Issue.

	Before the Rights Issue (per 30 September 2020)	After the Rights Issue and the directed set-off issue to certain seller of Hutch
Total equity attributable to the equity holders of the parent company, MSEK	4,868	7,471 <sup>1)</sup>
Number of shares	67,647,124	96,595,252
<b>Net asset value per share, SEK</b>	<b>72.0</b>	<b>77.3</b>

1) MTG's equity as of September 30 2020, increased by the proceeds from the Rights Issue (SEK 2,549 million) and the set-off issue directed to certain of the sellers of Hutch (SEK 81 million) after deduction of transaction costs (SEK 27 million).

## Certain rights attached to the shares

### General meetings of shareholders

The annual general meeting shall be held within six months from the end of each financial year. In addition to the annual general meeting, an extraordinary general meeting may be convened. According to the articles of association, notice of the annual general meeting shall be given by advertising in Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and by keeping the notice available on the Company's website. The company will also announce in Svenska Dagbladet that a notice has been issued.

Anyone wishing to participate in a general meeting must be recorded as a shareholder in a transcription or other presentation of the register of shareholders in effect six business days prior to the general meeting, and must notify their intention to participate to the Company no later than the date stated in the notice to the general meeting.

In order to participate in the annual general meeting, a shareholder with shares registered with a nominee must, in addition to notifying the Company, have its shares registered in its own name so that he or she is registered to vote in the general meeting register of shareholders no later than four business days before the general meeting. Shareholders wishing to be registered to vote should inform their nominees well in advance of this date. Shareholders may attend the general meeting in person or through a proxy and may bring a maximum of two assistants.

### Right to vote

Each Class A Share entitles to ten (10) votes at a general meeting. Each Class B Share and Class C Share, respectively, entitles to one (1) vote at a general meeting. Each shareholder has the right to vote for all shares held by the shareholder in the Company. Shares held by the Company itself cannot be represented at a general meeting.

*Preferential right to new shares*

Should the Company resolves on an issue of new shares of Class A Shares, Class B Shares or Class C Shares, by way of payment other than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held (primary preferential right). Shares that are not subscribed for with primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If the offered shares are not sufficient for the subscription that takes place with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of shares they previously own and to the extent that this cannot be done, by drawing lots. If the Company decides to issue only Class A Shares, Class B Shares and Class C Shares, by way of payment with other than non-cash assets, all shareholders, regardless of whether their shares are Class A Shares, Class B Shares and Class C Shares, shall have preferential rights to subscribe for new shares in relation to the number of shares previously held.

What is prescribed above regarding shareholders' preferential rights shall be applied correspondingly in relation to the issue of warrants and convertibles and shall not entail any restriction on the possibility of making a decision on an issue with deviation from the shareholders' preferential rights.

In the event of an increase in the share capital through a bonus issue with the issue of new shares, new Class A Shares and Class B Shares shall be issued within each share class in relation to the number of shares of the same class that already exist. Thereby, old shares of a certain class of shares shall carry the right to new shares of the same class. Class C Shares do not entitle to participation in a bonus issue.

*Right to dividend and surplus in the event of liquidation*

The newly issued Class B Shares entitle to a dividend only from the first record date that falls after the Rights Issue has been registered with the Swedish Companies Registration Office.

All Class A Shares and Class B Shares have an equal right to dividends as well as to the Company's assets and any surplus in the event of liquidation. However, Class C Shares are not entitled to receive dividend. Upon the Company's dissolution, Class C Shares entitle to the same share in the Company's assets as other shares, but not in an amount higher than what corresponds to the share's quota value calculated per day for distribution with an interest factor of STIBOR 30 days with the addition of one percentage point from the day of payment of the subscription proceeds. STIBOR 30 days is determined on the first banking day of each calendar month. The shares are not subject to any transfer restrictions.

MTG intends to invest profits and cash flow in the development of its portfolio of holdings and therefore does not expect dividends or share repurchases in the foreseeable future. Any decision on dividends is made by the general meeting. Dividends may take place if there is full coverage for the Company's restricted equity after the dividend is paid (the so-called amount threshold) and only if the dividend appears justifiable with regard to the demands that the character, scope and risks of the operations place on Company's and Group's equity and the Company's and the Group's consolidation needs, liquidity and position in general (the so-called precautionary rule). As a general rule, the general meeting may not

decide on a dividend of a larger amount than what the board of directors has proposed or approved. According to the Swedish Companies Act, owners of at least one tenth of all shares in the Company have the right to request a dividend (to all shareholders) of the Company's profits. If such a request has been made, the general meeting shall decide on the distribution of half of what remains of the year's profit according to the approved balance sheet after deductions have been made for (i) capitalised loss that exceeds unrestricted funds, (ii) amounts to be allocated to restricted equity in accordance with law or the articles of association; and (iii) amounts that according to the articles of association are to be used for any purpose other than dividends to shareholders. However, the annual general meeting is not obliged to decide on a dividend higher than five per cent of the Company's equity. The dividend must also not contravene the provisions of chapter 17 Section 3 of the Swedish Companies Act (see the so-called amount threshold and the precautionary rule above). Holders of shares that are registered in the share register kept by Euroclear Sweden on the record date decided by the general meeting are entitled to a dividend. Dividends are normally paid as a cash amount per share through Euroclear Sweden, but dividends can also be paid in other than cash (so-called non-cash dividends). If a shareholder cannot be reached through Euroclear Sweden, the shareholder's claim on the Company regarding the dividend amount remains, however, taking into account legal rules on ten-year limitation. In the event of limitation, the dividend amount accrues to the Company. Neither the Swedish Companies Act nor the Company's articles of association contain any restrictions regarding the right to dividends to shareholders outside Sweden. See also, see "*Terms and instructions*" – *Important information on taxation*".

*Redemption provision*

Reduction of the share capital, however not below the minimum share capital, may on request of holders of Class C Shares or as resolved by the Company's board of directors or general meeting, be made by redemption of Class C Shares. A request from a shareholder shall be made in writing to the Company's board of directors and the board of directors shall promptly act on the matter. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the Company's equity reserves, if the required funds are available.

The redemption payment per Class C share shall correspond to the quota value of the share annualised per day with an interest rate of STIBOR 30 days with additional one percentage point calculated from the day of payment of the subscription price. STIBOR 30 days shall be initially set on the day of payment of the subscription price.

*Conversion provision*

Upon decision by the board of directors, Class C Shares shall be reclassified into Class B Shares provided that the shares are held by the Company. Immediately thereafter, the board of directors shall report the reclassification to the Swedish Companies Registration Office for registration.

It shall be possible to reclassify Class A Shares to Class B Shares. Holders of Class A Shares shall, during the calendar months January and July each year (the "**Reclassification periods**"), be entitled to request that all or part of the share-

holder's Class A Shares shall be reclassified to Class B Shares. The request shall be made in writing and must have been received by the board of directors no later than on the last day of the specific Reclassification period. The request shall state (i) the number of Class A Shares that the shareholder wants to reclassify or (ii) the maximum percentage of the total number of votes in the Company, that the shareholder wants to hold, after reclassification has been completed of all Class A Shares requested to be reclassified during the specific Reclassification period. When making a request according to (ii) above, the shareholder shall also state the total number of Class A and Class B Shares that the shareholder holds at the time of the request.

After the end of each Reclassification period, the board of directors shall consider the question of reclassification. Immediately thereafter, the board of directors shall report the reclassification to the Swedish Companies Registration Office for registration. The reclassification is effected when it has been registered and the reclassification been noted in the register of the central securities depository (Sw. *avstämningsregister*).

### Dividends the last two years

The company did not pay any dividends for the 2019 financial year.

The extraordinary general meeting on 7 February 2019 decided on a dividend of all shares in NENT Group to the shareholders in MTG to a value of approximately SEK 2,001 million (corresponding to a dividend amount per share of SEK 29.57). The distribution of the shares in NENT Group to the shareholders was completed on 28 March 2019. MTG did not pay any additional dividend for the financial year 2018.

### Issue- and repurchase authorisations

The annual general meeting on 18 May 2020 resolved to authorise the board to resolve on repurchases of MTG's own shares, for cancellation of shares through a reduction of the share capital. The repurchase of Class A Shares and Class B Shares shall take place on Nasdaq Stockholm, on one or more occasions during the period up until the next annual general meeting. So many shares may, at the most, be repurchased so that MTG's holding does not at any time exceed 10 per cent of the total number of shares in MTG. The repurchase of shares on Nasdaq Stockholm may occur at a price per share within the at each time registered share price interval, by which is meant the difference between the highest buying price and the lowest selling price. The shares repurchased by the Company shall be the cheapest available shares at any given time. Payment for the shares shall be made with cash. The purpose of the authorisation is to give the board more options in its efforts to deliver long-term shareholder value and total return.

The extraordinary general meeting 21 January 2021 resolved to authorise the board of directors to, on one or several occasions up until the next annual general meeting, resolve upon the issue of Class B Shares representing, in aggregate, not more than 10.0 per cent of the total number of shares in the Company at the time when the board of directors exercises the authorisation for the first time. Any new issue of Class B Shares shall be made on market terms and conditions. Payment may be made in cash, in kind or by way of set-off.

New issues of shares may be effected with deviation from the shareholders' preferential rights. However, no single investor shall have the right to subscribe for shares representing more than 5.0 per cent of the total number of shares in the Company. The purpose of the authorisation is, and the reason for any deviation from the shareholders' preferential rights shall be, to enable the Company to pursue potential acquisition opportunities as they arise and in line with its strategy, including to raise capital on an accelerated basis for such purposes.

The extraordinary general meeting on 21 January 2021 also resolved to authorise the board of directors to resolve on a new issue of not more than 130,000 Class C Shares directed to Nordea Bank Plc, Sweden branch, and to subsequently acquire all of these 130,000 Class C Shares. The purpose of the authorisation is to ensure the delivery of shares to the participants in the long-term share-based incentive program that the same annual general meeting decided to establish (see the section "*Share-related incentive program—Long-term incentive program 2021*" below).

### Share-related incentive program

#### *Long-term incentive program 2019*

The annual general meeting on 21 May 2019 resolved on a long-term incentive programme that comprises warrants. The warrant programme is directed to the CEO and senior executives. As of the date of the prospectus, the warrants entitle to subscription for not more than 426,420 Class B Shares. Each warrant entitles the holder to, during a period from 15 June 2022 to 15 June 2023, subscribe to one new Class B Share at 115 per cent of the average volume-weighted share price during the period 9 May 2019 and 22 May 2019. MTG subsidises the participants' purchase of warrants by granting the participants a cash compensation corresponding to between 25-75 per cent (depending on the participant's category) net after taxes, of the warrants purchased by the participant. Such subsidy was paid at the time of purchase of the warrants. If the participant leaves MTG during the three-year vesting period for the subsidy, MTG may under certain circumstances reclaim the subsidy, in whole or in part in proportion to the term of the vesting period. The warrants are subject to a pre-emption agreement, giving MTG a right to purchase the warrants should the holder transfer them to a third party. The participants' maximum profit are capped at 4.0 times the share price of SEK 117.24, the average volume-weighted share price during the five last trading days in March 2019. The subscription price and the number of Class B Shares that may be subscribed for by exercising subscription rights are subject to customary recalculation as a result of the Rights Issue.

#### *Long-term incentive program 2021*

The extraordinary general meeting on 21 January 2021 resolved to adopt a long-term incentive program consisting of performance-based share rights. The program is aimed at approximately 17 employees within executive management and other key employees. Participants must have their own shareholding in MTG in order for the share rights to entitle them to allotment of shares. Participants must have a shareholding in MTG that corresponds to from 5 per cent up to 20 per cent of the annual fixed gross salary. The maximum number of qualifying shares that each participant can hold is calculated by multiplying the

participant's fixed annual salary, gross before tax, by 20 per cent and dividing this value by a market value for the shares calculated as the average volume-weighted share price for the Class B Share during the period from 1 October to 21 December 2020. For each qualifying share, the participant receives a predetermined number of rights to receive Class B Shares (so-called share rights) free of charge. If the conditions for allotment are met, each share right entitles the participant to receive one Class B Share in MTG free of charge, provided that

the participant is employed by MTG or a group company and maintains the qualifying shareholding during the entire three-year vesting period (ending 31 December 2023). The number of share rights that will entitle to Class B Shares shall be determined based on the annual total return for MTG's Class B Share at the end of the vesting period. A maximum of 363,331 Class B Shares may be transferred to the participants in the program.

### Ownership structure

The table below shows the shareholders who had a direct or indirect shareholding that represents five per cent or more of the total number of shares and votes in MTG as of 31 December 2020 (and thereafter known changes for MTG).

Owner/nominee/custodian bank	Number of shares (Class A Shares and/or Class B Shares)	Percentage of shares	Percentage of votes
Active Ownership Capital S.à r.l.	5,718,626 (Class B Shares)	8.4%	7.8%
Swedbank Robur Fonder	5,714,732 (Class B Shares)	8.4%	7.8%
Evermore Global Advisors, LLC	3,863,336 (Class B Shares)	5.7%	5.3%
Other shareholders	52,977,861	77.6%	79.3%
<b>Total</b>	<b>68,274,555</b>	<b>100.0</b>	<b>100.0</b>

Source: Modular Finance. As of the date of the prospectus, MTG holds 304,880 own Class B Shares (which are included in the item "other shareholders" above). MTG cannot subscribe for any of its own Class B Shares in the Rights Issue.

### Central securities depository

MTG's shares are registered in a central securities depository in accordance with the Act (1998: 1479) on central securities depositories and accounting of financial instruments (Sw. *lagen om värdepapperscentraler och kontoföring av finansiella instrument*). The register is maintained by Euroclear Sweden (Euroclear Sweden AB, Box 191, 101 23 Stockholm). No share certificates have been issued for the Class A Shares or the Class B Shares and no share certificates will be issued for the new Class B Shares. The ISIN code for the Class A Shares in MTG is SE0000412363. The ISIN code for the Class B Shares in MTG is SE0000412371.

### Shareholder agreements etc.

As far as the board of directors is aware, there are no shareholder agreements or other agreements between shareholders in MTG that aim at joint influence over the Company. The board is also not aware of any agreements that could lead to a change in control of MTG.

# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## Approval of the prospectus and period of validity

The prospectus (in Swedish) has been prepared as a simplified prospectus in accordance with article 14 of the Prospectus Regulation. The prospectus has been approved by the Swedish Financial Supervisory Authority acting as competent authority in accordance with the Prospectus Regulation. The Swedish Financial Supervisory Authority only approves this prospectus to the extent it meet the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. This approval shall not be considered as an endorsement of the issuer that are the referred to in the prospectus. Investors should make their own assessment as to the suitability of investing in these securities. The Swedish Financial Supervisory Authority's postal address is P.O. Box 7821, 103 87, Stockholm, Sweden. The Swedish Financial Supervisory Authority's phone number is +46 (0)8-408 980 00 and its website is [www.fi.se](http://www.fi.se).

This prospectus is valid for up to twelve months from 22 January 2021. The obligation to prepare supplements to this prospectus in the event of significant new factors, material mistakes or material inaccuracies expires when the Class B Shares is admitted to trading on Nasdaq Stockholm.

## General corporate information

The Company is a Swedish public limited liability company incorporated on 7 October 1987 and registered with the Swedish Companies Registration Office on 26 oktober 1987. The Company's current company name, Modern Times Group MTG AB, was registered with the Swedish Companies Registration Office on 15 May 1997. The registered office of the board of directors in Stockholm, Sweden. The operations are conducted in accordance with the Swedish Companies Act. The Company's corporate registration number is 556309-9158 and its LEI-code is 549300E8NDODRSX29339. The Company's address is Skeppsbron 18, 111 30 Stockholm, Sweden. The Company's telephone number is +46 8 562 000 50 and its website is [www.mtg.com](http://www.mtg.com). The information on the Company's website does not form a part of this prospectus unless such information explicitly has been incorporated by reference in the prospectus (see section "*Selected historical financial information—Historical financial information incorporated by reference*").

## Subscription undertakings and underwriting commitments regarding the Rights Issue

### Subscription undertakings

Members of the board of directors and senior executives together holds approximately 0.5 per cent of all shares in MTG,<sup>1)</sup> entered into undertakings on 17 December 2020 to subscribe for their respective *pro rata* shares of the Rights Issue. The subscription undertakings comprise approximately 0.5 per cent of the maximum number of shares that MTG can issue through the Rights Issue. However, the subscription commitments are not secured and there is a risk that one or more of the commitments will not be fulfilled (see also risk factor "*The subscription commitments regarding the Rights Issue are not secured and the declarations of intent to subscribe for pro rata shares are not binding.*"). MTG does not pay any compensation for the subscription commitments.

See the section "*Board of directors, senior executives and auditor*" for more information on which board members and senior executives that own shares in MTG and the size of their respective shareholdings. All board members and senior executives can be reached at the Company's address: Skeppsbron 18, SE-111 30 Stockholm.

### Declarations of intent

In connection with the announcement of the Rights Issue on 17 December 2020, several of MTG's largest institutional shareholders, together representing approximately 46 per cent of the total number of shares in MTG<sup>1)</sup>, informed MTG of their intentions to subscribe for their respective *pro rata* shares in the Rights Issue. The declarations of intent comprise approximately 46 per cent of the maximum number of shares that MTG can issue through the Rights Issue. The declarations of intent are not binding and it is not certain that these institutional investors will subscribe for any Class B Shares in the Rights Issue. The shareholders who have submitted declarations of intent have not entered into any lock-up undertakings and, accordingly, they are thus free to sell both their shares in MTG and any subscription rights received in connection with the Rights Issue. MTG does not pay any compensation for the declarations of intent.

1) The shareholdings are calculated excluding the 304,880 Class B shares held by MTG, which will not entitle MTG to subscribe for any Class B shares in the Rights Issue. The institutional shareholders' respective shareholdings refer to their holdings as of December 2020.

### Legal proceedings and arbitration proceedings

MTG conducts operations in several countries and within the day-to-day operations, MTG is from time to time subject to disputes, claims and administrative proceedings. For example, MTG is subject to an ongoing matter with Nasdaq Stockholm's surveillance department regarding a potential violation of Nasdaq Stockholm's rulebook for issuers in connection with MTG's Q4 and year-end report for 2019 was made available on MTG's website two minutes before MTG disclosed the year-end report by a press release on 6 February 2020. On 14 December 2020, the surveillance department informed MTG that it considers submitting the matter to Nasdaq Stockholm's disciplinary committee.

However, MTG has not been a party in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which MTG is aware and including the above-mentioned potential matter with Nasdaq Stockholm's disciplinary committee) during the last twelve months, which may have, or have had in the recent past, significant effects on MTG's financial position or profitability.

### Related party transactions

No related party transactions that individually or together are material to MTG has taken place after 31 December 2019. See also "Note 28—Transactions with related parties" in MTG's annual report for 2019.

### Summary of information disclosed under the EU's market abuse regulation

The following is a summary of the information disclosed by MTG in accordance with the EU Market Abuse Regulation (596/2014) during the last twelve months and is relevant as of the date of this prospectus.

#### Financial reports

- On 6 February 2020, MTG published its quarterly report for the period January–December 2019.
- On 28 April 2020, MTG published its quarterly report for the period January–March 2020.
- On 23 July 2020, MTG published its quarterly report for the period January–June 2020.
- On 4 November 2020, MTG published its quarterly report for the period January–September 2020.

#### Effects of covid-19

- On 25 March 2020, MTG announced the expected impact of covid-19 on MTG's esports vertical and gaming vertical.

#### Changes in group management

- On 3 September 2020, MTG announced that Maria Redin has been appointed new President and CEO. At the same time, it was announced that Lars Torstensson has been appointed new CFO of MTG. The changes took place with immediate effect.

#### Company acquisitions etc.

- On 7 December 2020, MTG announced the increased shareholding in InnoGames and the establishment of MTG Gaming AB.
- On 8 December 2020, MTG announced the acquisition of Hutch.

### Rights Issue

- On 17 December 2020, MTG announced that the board of directors has decided on a Rights Issue.
- On 14 January 2021, MTG announced a so-called profit estimate for 2020 (see the section "Preliminary financial information for 2020") and information on potential acquisitions and joint ventures (see the sections "Gaming strategy—Strategic acquisitions" and "Esports strategy—Grow the audience" in the section "Business overview").
- On 18 January 2021, MTG announced the final terms of the Rights Issue.

### Information regarding public takeover bids

The Swedish Act on Public Takeovers on the Stock Market (*Sw. lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) (the "Swedish Takeover Act"), Nasdaq Stockholm's Takeover Rules and the Swedish Securities Council's rulings regarding interpretation and application of Nasdaq Stockholm's Takeover Rules and, where applicable, the Swedish Securities Council's interpretations of the Swedish Industry and Commerce Stock Exchange Committee's former rules on public offers, will be applicable on public offers regarding the shares in the Company

According to the Swedish Takeover Act, a company may only, after a decision by a general meeting, take measures that are likely to impair the conditions for the submission or implementation of an offer, if the board of directors or the CEO has good reason to assume that the offer is imminent.

The shares in the Company are not subject to an offer that has been submitted as a result of a bid obligation, redemption right or redemption obligation. No public takeover bid has been submitted for the Company's shares during the current or previous financial year.

### Advisers' interests

MTG's financial advisers in connection with the Rights Issue are ABG, DNB Markets and Swedbank. The financial advisers (as well as some companies related to them) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to MTG for which they have received, or may receive, compensation. DNB Bank ASA, Sweden branch and Swedbank are also lenders for the bridge loan facility of SEK 1,800 million. The intention is for MTG to repay the bridge loan facility in connection with the implementation of the Rights Issue.

### Documents available for inspection

Copies of the Company's articles of association and certificate of registration are available for inspection on MTG's office at Skeppsbron 18, SE-111 30 Stockholm, Sweden during regular office hours on weekdays. The documents referred to above are also available in electronic form on MTG's website ([www.mtg.com](http://www.mtg.com)).



# SELLING AND TRANSFER RESTRICTIONS

## General

The grant of subscription rights, and the issue of paid subscribed shares or Class B Shares upon exercise of subscription rights or (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights to persons resident in countries other than Sweden, Denmark, Finland and Norway may be affected by the laws of the relevant jurisdiction. Investors should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to exercise subscription rights or otherwise subscribe for Class B Shares.

MTG is not taking any action to permit a public offering of the subscription rights, paid subscribed shares or Class B Shares (pursuant to the exercise of the subscription rights or otherwise) in any jurisdiction other than Sweden, Denmark, Finland and Norway. Receipt of this prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this prospectus, if an investor receives a copy of this prospectus in any jurisdiction other than Sweden, Denmark, Finland or Norway, the investor may not treat this prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the subscription rights, paid subscribed shares or Class B Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the subscription rights, paid subscribed shares and Class B Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this prospectus, the investor should not distribute or send the same, or transfer subscription rights, paid subscribed shares or Class B Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

Except as otherwise expressly noted in this prospectus: (i) the subscription rights, paid subscribed shares or Class B Shares being granted or offered, respectively, in the Rights Issue or in (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, member states of the EEA where the Prospectus Regulation is applicable law, directly or by implementation into national law (other than Sweden, Denmark, Finland and Norway), unless pursuant to applicable exemptions under the Prospectus Regulation or national legislation, or Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Singapore, Switzerland, the United States (subject to certain exceptions) or any other jurisdiction where participation would require an additional prospectus, registration or measures besides those required by Swedish, Danish, Finnish, or Norwegian law (the “**Ineligible Jurisdictions**”); (ii) this prospectus may not be sent to any person in any

Ineligible Jurisdiction; and (iii) the crediting of subscription rights to an account of a shareholder or other person (subject to certain exceptions) in an Ineligible Jurisdiction or a citizen of an Ineligible Jurisdiction (referred to as “**Ineligible Persons**”) does not constitute an offer to such persons of the subscription rights, paid subscribed shares or Class B Shares. Ineligible Persons may not exercise subscription rights. If an investor takes up, delivers or otherwise transfers subscription rights, exercises subscription rights to obtain paid subscribed shares or new Class B Shares or trades or otherwise deals in subscription rights, paid subscribed shares or Class B Shares being granted or offered, respectively, in the Rights Issue or in (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights, that investor will be deemed to have made, or, in some cases, be required to make, the following representations and warranties to MTG and any person acting on its behalf, unless MTG waives such requirement:

- the investor is not located in an Ineligible Jurisdiction;
- the investor is not an Ineligible Person;
- the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;
- unless the investor is an existing shareholder and “qualified institutional buyer” or “QIB” as defined in Rule 144A under the U.S. Securities Act, the investor is located outside the United States, and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring paid subscribed shares or Class B Shares, the investor and any such person will be located outside the United States;
- the investor understands that none of the subscription rights, paid subscribed shares nor Class B Shares have been or will be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, delivered, allotted, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act; and
- the investor may lawfully be offered, take up, subscribe for and receive the subscription rights, paid subscribed shares or Class B Shares in the jurisdiction in which it resides or is currently located.

MTG, MTG’s financial advisers in connection with the Rights Issue, potential underwriters in relation to (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights, and any persons acting on behalf of any of the foregoing will rely upon the investor’s representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may void a transaction in the subscription rights, paid subscribed shares or Class B Shares, and subject the investor to liability.

If a person is acting on behalf of a holder of subscription rights (including, without limitation, as a nominee, custodian or other financial intermediary), that person will be required to provide the foregoing representations and warranties to MTG with respect to the exercise of subscription rights on the holder's behalf. If such person cannot provide the foregoing representations and warranties, MTG will not be bound to authorize the allocation of any of the subscription rights, paid subscribed shares or Class B Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees, custodians or other financial intermediaries) located outside Sweden, Denmark, Finland or Norway wishes to exercise or otherwise deal in subscription rights or subscribe for the paid subscribed shares or Class B Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant jurisdiction, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The information set out in this section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its subscription rights or otherwise subscribe for the paid subscribed shares or Class B Shares, that investor should consult its professional adviser without delay.

As regards shareholders who on the record date hold the Class A Shares and/or Class B Shares through a nominee, custodian or other financial intermediary, all subscription rights will initially be credited to the nominee, custodian or other financial intermediary (or if their nominee, custodian or other financial intermediary itself holds through a nominee, custodian or other financial intermediary, to the relevant nominee, custodian or other financial intermediary in that applicable chain of custody that holds the Class A Shares and/or Class B Shares on a directly registered basis), provided that the nominee, custodian or other financial intermediary in the applicable chain of custody that holds the Class A Shares and/or Class B Shares on a directly registered basis is not itself located in an Ineligible Jurisdiction. A nominee, custodian or other financial intermediary may not, however, exercise any subscription rights on behalf of any person in Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of subscription rights to certify the same.

Subject to certain exceptions, nominees, custodians or other financial intermediaries are not permitted to send this prospectus or any other information about the Rights Issue into any Ineligible Jurisdiction or to any Ineligible Persons.

Any crediting of subscription rights to the account of persons in Ineligible Jurisdictions or to Ineligible Persons does not constitute an offer of the subscription rights, paid subscribed shares or Class B Shares to such persons. Nominees, custodians or other financial intermediaries (including brokers) holding for Ineligible Persons may consider selling any and all subscription rights held for the benefit of such persons to the extent permitted under their arrangements with such persons and applicable law and to remit the net proceeds to the accounts of such persons.

Subject to certain exceptions, exercise instructions sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid, and the paid subscribed shares or Class B Shares being offered in the Rights Issue will not (subject to

certain exceptions) be delivered to an addressee in any Ineligible Jurisdiction. MTG reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such paid subscribed shares or Class B Shares, who is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is not acting on a discretionary basis for such persons, or who appears to MTG or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, MTG reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of subscription rights which appear to it to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Despite any other provision of this prospectus, MTG reserves the right to permit a holder to exercise its subscription rights if MTG in its absolute discretion is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question.

Applicable exemptions in certain jurisdictions are described further below. In any such case, MTG does not accept any liability for any actions that a holder takes or for any consequences that it may suffer by them accepting the holder's exercise of subscription rights.

### United Kingdom

MTG's financial advisers in connection with the Rights Issue, and potential underwriters in relation to (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights will represent, warrant and agree that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

### United States

None of the subscription rights, paid subscribed shares or Class B Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may only be offered or sold within the United States to persons who are reasonably believed to be QIBs. In addition, participation in the Rights Issue will only be permitted to such QIB holders of subscription rights in the United States if they shall have executed and delivered (or arranged for their nominee to deliver on their behalf) an investor letter in prescribed form (a "QIB Letter") to MTG.

Each recipient in the United States of subscription rights, paid subscribed shares or Class B Shares, by accepting delivery of this prospectus or by its receipt of or subscription for such subscription rights, paid subscribed shares or Class B Shares, will be deemed to have represented, agreed and acknowledged that, among other things (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

1. it (and any person on whose behalf it is acting) is, and at the time of any exercise by it of subscription rights or acquisition of paid subscribed shares or new Class B Shares pursuant to the Rights Issue or in (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights, will be, a “qualified institutional buyer” within the meaning of Rule 144A under the U.S. Securities Act;
2. it understands and acknowledges that neither the subscription rights nor any paid subscribed shares or new Class B Shares issuable upon exercise of the subscription rights have been or will be registered under the U.S. Securities Act, and that they may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph 4 below;
3. it understands that the subscription rights may only be transferred, assigned or resold outside the United States in reliance on Regulation S under the U.S. Securities Act;
4. as a purchaser in a private placement of securities that have not been registered under the U.S. Securities Act, it may only acquire subscription rights or paid subscribed shares or new Class B Shares upon the exercise of such subscription rights, for its own account, or for the account of one or more other QIBs for which it is acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution of any such subscription rights or paid subscribed shares or new Class B Shares issuable upon exercise of the subscription rights.
5. it understands and agrees that, although offers and sales in the United States of the subscription rights are being made only to QIBs, and that the subscription rights may be exercised only by QIBs in the United States, neither such offers and sales nor such exercises are being made under Rule 144A, and that if in the future it or any such other QIB for which it is acting, as described in paragraph 4 above, or any other fiduciary or agent representing such investor decide to offer, sell, deliver, hypothecate or otherwise transfer any subscription rights or paid subscribed shares or new Class B Shares issued upon the exercise of subscription rights, it and such other persons will do so only (i) pursuant to an effective registration statement under the U.S. Securities Act, (ii) to a QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act, (iii) outside the United States pursuant to Rule 904 under Regulation S under the U.S. Securities Act in an “offshore transaction” (and not in a pre-arranged transaction resulting in the resale of such subscription rights or paid subscribed shares or new Class B Shares into the United States) or (iv) in the case of paid subscribed shares or new Class B Shares issued upon the exercise of subscription rights, in accordance with Rule 144 under the U.S. Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. It understands that the paid subscribed shares or new Class B Shares to be issued upon the exercise of subscription rights will not have been registered under the U.S. Securities Act and will be “restricted securities” as defined in Rule 144 under the U.S. Securities Act, and further understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for the resale of paid subscribed shares or new Class B Shares.
6. it understands that for so long as paid subscribed shares or new Class B Shares issued upon the exercise of subscription rights are “restricted securities” within the meaning of U.S. federal securities laws, no such paid subscribed shares or new Class B Shares may be deposited into any American depository receipt facility established or maintained by a depository bank, other than a restricted depository receipt facility, and that such paid subscribed shares or new Class B Shares will not settle or trade through the facilities of The Depository Trust Company or any other U.S. exchange or clearing system.
7. it acknowledges that none of MTG, MTG’s financial advisers in connection with the Rights Issue, potential underwriters in relation to (in the event that all new Class B Shares are not subscribed for through subscription rights) any subsequent allotment of Class B Shares subscribed for without subscription rights (the “Advisers and/or Underwriters”) nor any person representing MTG or the Advisers and/or Underwriters has made any representation to it with respect to MTG or the offering or sale or exercise of any subscription rights (or paid subscribed shares or new Class B Shares issuable upon the exercise of subscription rights) other than as set forth in the prospectus, upon which it will rely solely in making its investment decision with respect to the subscription rights and paid subscribed shares or new Class B Shares. It will hold any offering materials, including the prospectus, it receives directly or indirectly from MTG or the Advisers and/or Underwriters in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated by it. It acknowledges that it will read and will agree to the matters stated here.
8. it, and each other QIB, if any, for whose account it may acquire subscription rights, paid subscribed shares or new Class B Shares, in the normal course of business, invests in or purchases securities similar to the subscription rights or the paid subscribed shares or new Class B Shares issuable upon the exercise of subscription rights, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing any of the subscription rights, paid subscribed shares and/or new Class B Shares and is aware that it must bear the economic risk of an investment in each subscription right or paid subscribed share or new Class B Share into which such subscription right may be exercised for an indefinite period of time and is able to bear such risk for an indefinite period.

9. it understands that these representations and undertakings are required in connection with United States securities laws and that MTG and the Advisers and/or Underwriters may refer to and assert these representations and undertakings in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.
10. it represents that if, in the future, it offers, resells, pledges or otherwise transfers the subscription right or paid subscribed share or new Class B Shares, it shall notify such subsequent transferee of the transfer restrictions set out herein.
11. it is not an affiliate (as defined in Rule 501(b) under the U.S. Securities Act) of MTG, and is not acting on behalf of an affiliate of MTG.
12. it understands and acknowledges that MTG, the Advisers and/or Underwriters and each of their respective affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Persons receiving this prospectus are hereby notified that MTG and any sellers of subscription rights, paid subscribed shares or new Class B Shares may be relying on an exemption from the registration requirements of Section 5 of the U.S. Securities Act.

Until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the subscription rights, paid subscribed shares or Class B Shares within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the U.S. Securities Act. The subscription rights, paid subscribed shares and Class B Shares have not been approved or disapproved by any U.S. federal or U.S. state securities commission or U.S. regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the Rights Issue, the subscription rights, paid subscribed shares or Class B Shares or the accuracy or completeness of this prospectus.

Each person to which the subscription rights, paid subscribed shares or Class B Shares are distributed, offered or sold outside the United States in connection with the Rights Issue will, by its receipt of, subscription for, or purchase of such subscription rights, paid subscribed shares or Class B Shares, be deemed to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for the subscription rights, paid subscribed shares or Class B Shares, as the case may be, that:

- it is acquiring the subscription rights, paid subscribed shares or Class B Shares from MTG in an “offshore transaction” as defined in Regulation S under the U.S. Securities Act; and
- the subscription rights, paid subscribed shares or Class B Shares have not been offered to it by MTG or any “distributor” by means of any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act.

## EEA

Within the EEA, no public offering of Securities is made in other countries than Sweden, Denmark, Finland and Norway. In other member states of the EU, an offering of Securities may only be made in accordance with the Prospectus Regulation. In other member states of the EEA which have implemented the Prospectus Regulation in their national legislation, any offering of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in their national legislation, any offering of Securities may only be made in accordance with an applicable exemption under national law.

## Other ineligible jurisdictions

The Securities have not been and will not be registered in Australia, Canada, Hong Kong, Japan, New Zealand, , South Africa, Singapore, Switzerland or any other jurisdiction outside Sweden, Denmark, Finland and Norway. The Securities may not be offered, subscribed for, exercised, pledged, sold, resold, delivered or otherwise transferred, directly or indirectly, in or to any such jurisdiction other than in cases where a prospectus would not be required under applicable laws and regulations of such jurisdiction.

# DEFINITIONS AND GLOSSARY

<b>Class A Shares</b>	Shares of class A in the Company.
<b>ABG</b>	ABG Sundal Collier AB.
<b>Class B Shares</b>	Shares of class B in the Company.
<b>The Company</b>	Modern Times Group MTG AB (publ).
<b>Class C Shares</b>	Shares of class C in the Company.
<b>DNB Markets</b>	DNB Markets, part of DNB Bank ASA, filial Sverige.
<b>Euroclear Sweden</b>	Euroclear Sweden AB.
<b>Esport</b>	Competitions in games online.
<b>Free-to-play-game</b>	Games where users play for free but can choose to make purchases in the games to, for example, activate new content or unlock new features.
<b>GDPR</b>	Regulation (EU) 2016/679 of the European parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
<b>Hutch</b>	Hutch Games Ltd.
<b>Idle Games</b>	Simpler games that require limited commitment from the player.
<b>IFRS</b>	International Financial Reporting Standards.
<b>InnoGames</b>	InnoGames GmbH.
<b>Joint Global Coordinators och Joint Bookrunners</b>	ABG, DNB Markets och Swedbank.
<b>The Group</b>	The group in which the Company is the parent
<b>Kongregate</b>	Kongregate Inc.
<b>NENT Group</b>	Nordic Entertainment Group AB (publ).
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.
<b>Swedbank</b>	Swedbank AB (publ).
<b>QIB</b>	Qualified institutional buyer as defined in Rule 144A under U.S. Securities Act.

# ADDRESSES

## **The Company**

### **Modern Times Group MTG AB (publ)**

Skeppsbron 18  
SE-111 30 Stockholm  
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## **Joint Global Coordinators and Joint Bookrunners**

### **ABG Sundal Collier AB**

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SE-111 53 Stockholm  
Sweden

### **DNB Markets, part of DNB Bank ASA, Sweden branch**

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Sweden

### **Swedbank AB (publ)**

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## **Legal advisers to the Company**

*Swedish law*

### **Gernandt & Danielsson Advokatbyrå KB**

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*U.S. law*

### **Cleary Gottlieb Steen & Hamilton LLP**

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## **Legal advisor to the Joint Global Coordinators and Joint Bookrunners**

### **Linklaters Advokatbyrå AB**

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## **Auditor**

### **KPMG AB**

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