MTG reports strong Q1 with revenues up 11%, adjusted EBITDA up 51% and an operating margin of 27%

Our Q1 revenues grew by 11%, including a 1% uplift from currencies, to SEK 1,447 million, driven by PlaySimple's established portfolio which now includes Word Search, the newly consolidated Snowprint and InnoGames' successful live-ops. We reported a strong adjusted EBITDA of SEK 396 million and a margin of 27%. The performance was driven by the scale gained by PlaySimple in 2023, the lower cost base and growing browser revenues in InnoGames along with lower UA spending. Today, we also initiated our latest share repurchase program which will run until our 2024 AGM.

Financial highlights Q1

- Net sales increased by 11% to SEK 1,447 (1,306) million year over year and up 10% in constant currencies
- UA spend of SEK 527 (537) million corresponding to 36% (41) of revenues
- Adjusted EBITDA of SEK 396 (263) million with an adjusted EBITDA margin of 27% (20)
- Reported EBITDA of SEK 377 (245) million and EBIT of SEK 236 (121) million
- Net financial items of SEK -157 (-61) million of which SEK 33 million was interest income. The remainder reflected revaluations and exchange rate effects which are currently non-cash items
- Tax amounted to SEK -111 (-36) million
- Total net income of SEK -31 (24) million
- Cash and cash equivalents at the end of the period amounted to SEK 3,332 (4,019) million with a cash conversion of 62% for the 12-month period ended 31 March 2024
- Outlook for 2024 for net sales growth is 1% to 5% at constant currencies, and an adjusted EBITDA margin between 26% to 29%

Financial overview

(SEKm)	Q1 2024	Q1 2023	FY 2023
Net sales	1,447	1,306	5,829
EBIT	236	121	885
EBITDA	377	245	1,439
Adjusted EBITDA	396	263	1,548
Net income	-31	24	164
Basic earnings per share (SEK)	-0.26	0.20	1.33
Diluted earnings per share (SEK)	-0.26	0.20	1.32
Growth			
Sales growth	11%	-4%	*5%*
Changes in FX rates	1%	7%	*5%*
Sales growth at constant FX	10%	-11%	*0%*
of which organic growth	*4%*	*-11%*	*-2%*

President & CEO's comments

A quarter of strong growth with high profitability and cash conversion

We reported a strong Q1, with revenues increasing by 10% excluding currency effects. Our growth continued to reflect the quality of our focused portfolio and the organic elements of our strategy, which focus on optimizing revenues through live-ops and in-game content.

We also had an active quarter from an M&A standpoint, with the changes we made contributing to our overall revenue trajectory. In early Q1 we agreed to divest Kongregate by merging it into Monumental in the US, ensuring that the studios can continue pursue their ambitions together. We also executed on a roll-up acquisition after the end of the quarter, when Ninja Kiwi acquired the successful studio AutoAttack. The small team behind AutoAttack will now both continue to develop their existing Tower Defence success Legion TD 2 and work on a new future release. This was also our second quarter with Snowprint, after acquiring them in October last year.

PlaySimple, Snowprint and InnoGames were the drivers of our growth in the quarter. PlaySimple has focused on optimizing its established word games portfolio, which now includes our newest successful game Word Search which represents over 15% of franchise revenues. PlaySimple is also well underway with their work on several new games and on the upcoming localization of current top games, which will enable the studio to continue scaling its business in the future.

InnoGames reported another quarter of sales growth driven by strong live-ops and events in Forge of Empires. Browser revenues were up year over year, which underscores the power and longevity of our mid-core titles as well as InnoGames extensive experience on the browser platform. Tribal Wars, originally released in 2003, had its second-best year last year, and grew revenues year over year in Q1.

Warhammer 40,000: Tacticus, developed by Snowprint, continued to show good traction in Q1 thanks to a very active live-ops and events pipeline. This included the addition of a guild wars feature and a new faction to the game.

Ninja Kiwi's revenues were down slightly year over year in the quarter. The studio continued to expand our flagship title Bloons TD 6 with major content updates and launched the game on the Apple Vision Pro. They are also making good progress on two new games.

Hutch's revenues were down year over year. Forza Customs is still in the very early stages of its development and the team is focused on evolving the game with additional content and features The studio's second new game, NASCAR Manager, is showing encouraging early performance metrics and we are following its progress closely.

Disciplined UA spend drives strong adjusted EBITDA and profitability

We invested SEK 527 million in total in user acquisition (UA) in Q1, which represented 36% of our revenues for the period. Our total UA spend was down year over year as we maintain our disciplined approach to healthy return on marketing investments. PlaySimple is currently evaluating the potential impact on our ability to scale marketing from Google's recent changes to advertising bidding and upcoming end user privacy updates.

InnoGames invested less in marketing year over year, in line with the longer mid-core trends we have observed and discussed during 2023. Hutch' UA spend was higher year on year in Q1. The studio balanced its marketing efforts for its new games during the quarter, since Hutch launches new titles in an early stage of development and have an iterative process when it comes to development and scaling.

Our total adjusted EBITDA grew by 51% year over year and amounted to SEK 396 million in the quarter. This strong growth was driven by the overall scaling of PlaySimple's portfolio, lower UA spending in PlaySimple and InnoGames and stronger underlying profitability in InnoGames thanks to the restructuring in April last year and continued successful activation of established players and growth of browser revenues from Forge of Empires.

We delivered a cash conversion of 62% for the 12-month period ending 31 March 2024, reflecting the strong ongoing cash generation from our studios. The cash conversion for the rolling 12-month period was slightly above our expected long-term range of 50 to 60%.

We remain confident in our portfolio in a recovery year with limited visibility

We did not see any major changes to the overall environment or trends on our In App Purchase markets in Q1. Market analysis firm Newzoo continues to expect the overall market to grow by low-to-mid-single digits in the coming two to three years and the trends that we are observing on our markets, including those around launching and scaling new games, seem to support that assumption.

During the last year, the casual segment of the mobile gaming market has been growing at a significantly faster pace than mid-core. We expect this trend to continue in principle, but we are taking a more cautious approach to when it comes to the specific levels of this growth during 2024. This is based on multiple factors that could impact the market environment this year. These factors include the recent changes to the bidding system for ads along with the upcoming end user privacy settings to be implemented by Google as well as the general evolving market landscape on the advertising platform side.

We have an encouraging pipeline of new games and content planned for 2024 and beyond. This includes several new games from PlaySimple in adjacent casual genres as well as the localization of our current hits. It also includes two new titles from Ninja Kiwi, with one of them set within the evergreen Bloons IP, and a fresh take on the reworked Rise of Cultures from InnoGames. On top of that, Hutch also continues to work on their two brand new games to improve key metrics and expand in-game content.

The mix of an uncertain short-term outlook in our advertising markets, together with delays to new game launches and key content, will impact when and how much we can scale our marketing during the year. This in turn means that we will continue to deliver higher operating margins while we get ready for further expansion. Our outlook for the full year reflects this and we therefore currently expect to deliver reported revenue growth of 1% to 5% excluding currency effects, and an adjusted EBITDA margin between 26% and 29% for the full year 2024.

We continue to have a strong balance sheet, underpinned further by the robust cash flow we generate from our operations. We have a clear M&A strategy in place and will continue to explore relevant opportunities to expand and strengthen our portfolio in 2024. We believe that this is an important avenue of growth which will help us drive synergies and accelerate growth as a group. M&A will drive the quality and value of our Gaming Village as a whole.

You can see that we expect to continue delivering robust performance for our shareholders. While our main priority is and continues to be profitable long-term growth, we remain disciplined in our approach to our expansion. This means that we can deliver high profits for our shareholders in periods where we see less growth opportunities.

Today we launched a new share buyback program, which will run until our 2024 AGM. The Board also intends to launch a new share buyback program after the AGM, contingent on the necessary approval from our shareholders.

MTG has a great portfolio of games, a healthy future pipeline and a talented global team led by great entrepreneurs. We will work hard to deliver on our objectives and strategy for our stakeholders. Thank you once again for following our progress and I look forward to continuing to share our story with you in the future.

Maria Redin
Group President & CEO, Modern Times Group MTG AB

2024 outlook

MTG's outlook for 2024 is for reported sales growth to be within the range of 1 to 5% on a currency adjusted basis. The group also expects its reported adjusted EBITDA margin for the full year to be between 26% and 29%.

Significant events

January 24 – MTG announced that Oliver Bulloss had joined the group in the newly created role of Chief Product Officer. Oliver has extensive experience from a diverse array of leadership roles in mobile gaming. He most recently served as General Manager of NaturalMotion Zynga.

January 30 – MTG's Extraordinary General Meeting (EGM) resolved on all proposals, including a transfer of class B shares to the sellers of PlaySimple as well as transfers of class B shares on a regulated market or by way of accelerated bookbuilding procedures.

February 8 – MTG announced a non-cash agreement to divest Kongregate by merging it with the US game development studio Monumental for a 30% equity stake in the combined company on a fully diluted basis.

April 16 – MTG announced that its wholly owned game studio Ninja Kiwi has acquired AutoAttack Games, the studio behind the successful tower defense title Legion TD 2, which is available on Steam.

April 24 - MTG announced a SEK 100 million share buyback program, launching on April 24 and running until May 15, 2024. MTG has the intention to seek further approval at the 2024 AGM, and launch another share repurchase program after the AGM, should shareholders provide the Board with the necessary approvals.

Further information about the group's significant events can be found on MTG's homepage on www.mtg.com

Group performance

Net sales

(SEKm)	Q1 2024	Q1 2023	FY 2023
Net sales	1,447	1,306	5,829
Sales growth	*11%*	*-4%*	*5%*
Changes in FX rates	*1%*	*7%*	*5%*
Sales growth at constant FX	*10%*	*-11%*	*0%*
of which organic growth	*4%*	*-11%*	*-2%*

Group net sales were up 11% year over year to SEK 1,447 million in Q1 with 1% from positive currency effects. Our revenues were driven by strong live-ops from our portfolio of 37 live games and in particular by PlaySimple, Snowprint and InnoGames.

Reported sales by franchise

(SEKm)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Word Games	575	630	610	596	517
Strategy & Simulation	521	539	440	424	372
Racing	129	149	166	164	138
Tower Defense	114	137	143	134	127
Other smaller franchises	108	117	134	140	151
Total sales	**1,447**	**1,571**	**1,494**	**1,458**	**1,306**

Word Games franchise revenues were up 11% year over year but down -8% sequentially in constant currencies. The team continued to optimize the established word games portfolio and added new features to all key word games. This included features to scale IAP, new daily and weekly goals and an enhanced key section feature for Daily Themed Crossword, as well as improved monetization and optimized notification infrastructure for Crossword Jam.

Our growth title Word Search continued to perform well during the quarter, with significantly improved revenues both year over year and on a sequential basis. The team revamped several key features in the game during the quarter, which had a positive impact on both retention and monetization in the game.

PlaySimple continues to work on expanding the franchise and is getting ready to explore new casual genres through soon-to-be launched titles Tile Match and Two Square: 2048 Numbers Merge. The two new games are currently expected to be released on iOS during Q2. PlaySimple is also working on localizing several of our successful established word games and expects to go live with these features in various markets later in the year.

Strategy & Simulation franchise revenues were up 39% year over year but down -2% sequentially in constant currencies. Franchise revenues now also include the contribution from our new, fast-growing title Warhammer 40,000: Tacticus.

InnoGames delivered another strong quarter thanks to the two well-performing events in Forge of Empires. Both the Wildlife event and the St. Patrick's event proved to be popular among players and attracted a high number of participants.

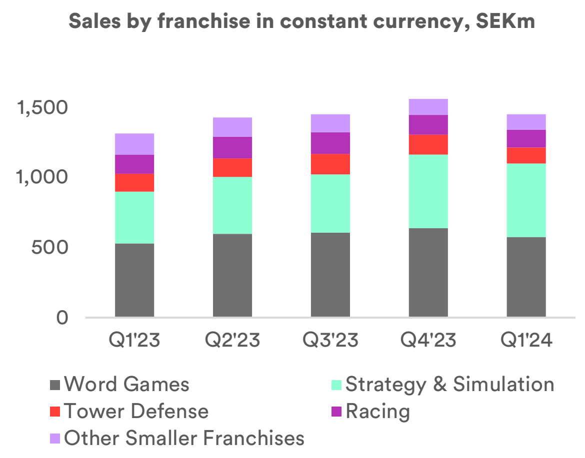
Tribal Wars, which is one of InnoGames' earliest titles, grew year over year in Q1 thanks to its committed community of long-term players. The team also continued the work on the reboot of Rise of Cultures, and it is expected to launch in the second half of the year.

Warhammer 40,000: Tacticus continued to grow in the quarter thanks to well-received updates and live-ops like the Guild Wars and the release of the new World Eaters faction. As a result, the game delivered all time-high DAU levels in the quarter.

Tower Defense franchise revenues were down -8% year over year in the quarter and down from Q4. Q4 is typically the seasonally stronger quarter for our Tower Defense franchise, and our performance in Q1 was impacted negatively by lower levels of new players coming in to the game in Q4 and Q1. Bloons TD 6 was included in the major Steam sale in April, which we expect will have a positive impact on the game's performance in Q2.

Ninja Kiwi introduced major updates to Bloons TD 6 in February and April, with the latter content including a new revenue share feature for in-game content creators.

Ninja Kiwi continued to execute on the platform expansion strategy for Bloons TD 6. In Q1 the game was one of the launch titles for Apple Vision Pro. The launch of the PlayStation version is imminent, and the game is expected to be made available on the Nintendo Switch later in the year. The team continues to work on the development of their two new games, and the first title, Bloons Card Storm is expected to be launched in 2024.



Racing franchise revenues were down -10% year over year in constant currencies and down -14% from Q4. Q1 is typically a seasonally slower quarter for the franchise because the season reset of F1 Clash is contingent on the start of the Formula 1 season. The team is making good progress on the major update, which is expected in Q2.

Hutch is evolving Forza Customs with features and content based on data gathered after the early launch in Q4 last year. The studio has therefore taken a balanced approach to the game's the marketing investments in meantime.

In February Hutch launched NASCAR Manager worldwide on iOS and Android. The game's primary target audience is based in North America which is complementary to the main audiences of F1 Clash. Early metrics during the second half of Q1 have been encouraging, and Hutch has started investing in UA for the game, albeit at low early levels.

Announced game launches and platform expansions for 2024

Title/platform expansion	Publisher	Type
Forza Customs	Hutch	In soft launch
NASCAR Manager	Hutch	In soft launch
Rise of Cultures (rework)	InnoGames	New game launch
BTD6 PlayStation	Ninja Kiwi	Platform expansion
BTD6 Switch	Ninja Kiwi	Platform expansion
Bloons Card Storm	Ninja Kiwi	New game launch
New title	Ninja Kiwi	New game launch
Two Square: 2048 Numbers Merge	PlaySimple	New game launch
Tile Match	PlaySimple	New game launch
Word Trip Search	PlaySimple	New game launch

Key performance indicators

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
DAU, million	6.5	6.5	6.4	6.6	6.4
MAU, million	31.9	32.3	31.0	30.7	29.4
ARPDAU, SEK	2.5	2.6	2.5	2.4	2.3
Revenue generated by the top 3 games, %	40%	41%	46%	47%	46%
Revenue generated by platform, %					
Mobile	75%	78%	75%	77%	77%
Browser	20%	19%	20%	20%	20%
Other	4%	3%	4%	3%	3%
Revenue generated by territory, %					
Europe	32%	33%	33%	32%	32%
North America	63%	62%	62%	63%	63%
Asia Pacific	4%	4%	4%	4%	4%
Rest of World	1%	1%	1%	1%	1%
Revenue generated by monetization type, %					
IAP	59%	58%	58%	59%	61%
IAA	35%	36%	35%	35%	33%
Other	5%	6%	8%	6%	7%
UA spend, SEKm	527	600	554	563	537

The group's total number of DAU (daily active users) was stable year over year which reflected increased DAU in the Racing franchise thanks to the launch of two new games and the addition of Snowprint being offset by lower overall DAU levels in the Strategy & Simulation and slightly lower DAU in the Tower Defence franchises. DAU levels were stable on a sequential basis, which reflected the mixed effect of higher DAU levels in the Racing and Strategy & Simulation franchises offsetting slightly lower player levels in our Word Games franchise while PlaySimple works on its new games and features.

Average Revenue per Daily Active User (ARPDAU) was up 9% year over year, reflecting the high player lifetime value levels in Warhammer 40,000: Tacticus, significantly higher ARPDAU levels in Strategy & Simulation driven by the growth of direct consumer revenues from browser, and growing levels in the Word Games franchise.

The strong growth in Strategy & Simulation ARPDAU levels reflected the increasing proportion of revenues directly from consumers as the strong content and event pipeline from the Forge of Empires team has continued to successfully engage established players, who have a higher propensity to play on browser. ARPDAU was down on a sequential basis, which reflected declining levels in Kongregate prior to its divestment, as well as sequential declines in the Racing and Word Games franchises. ARPDAU for Warhammer 40,000 Tacticus was also down sequentially, which reflected the game's strong performance in the key end of year period.

Forge of Empires, Word Trip, and Crossword Jam continued to be the group's top three performing titles. The top three games represented 40% of the group's revenues in the first quarter, compared to 41% in the fourth quarter.

Mobile represented 75% (77) of total revenues in the first quarter, while browser represented 20% (20) of revenues in the quarter. The stable levels of browser revenues should be seen in context of the strong scaling and growth delivered by the Word Games franchise last year, which again showcases the high margins that the group generates from the browser platform.

Adjusted EBITDA, EBITDA and EBIT

(SEKm)	Q1 2024	Q1 2023	FY 2023
EBIT	**236**	**121**	**885**
Amortization	132	118	517
Depreciation	9	6	36
EBITDA	**377**	**245**	**1,439**
Items affecting comparability	-	-	40
Impairment own capitalized costs	-	-	-
Non-recurring bonus structures	14	13	33
M&A transaction costs	5	5	36
Adjusted EBITDA	**396**	**263**	**1,548**
Adjusted EBITDA margin	*27%*	*20%*	*27%*

We reported a 51% year over year increase in adjusted EBITDA to SEK 396 (263) million in Q1. The group reported an adjusted EBITDA margin of 27% in Q1, up from 20% in the first quarter of last year.

The strong increase in adjusted EBITDA and operating margin reflected several effects. PlaySimple successfully and significantly scaled their business during 2023, which enabled the studio to deliver high operating leverage and high underlying margins in Q1 2024. The studio's profitability was also positively affected by lower UA levels due to the delayed new games and features mentioned earlier in the report as well as reduced visibility on the ad markets. We expect that the studio will be able to scale UA levels further down the line. InnoGames delivered increased profits in the quarter thanks to a lower cost base following the restructuring last year and the high levels of profitability from its browser sales and continued ROAS discipline. Ninja Kiwi continued to support the group's overall profitability in Q1.

Total user acquisition costs represented 36% of group revenues in Q1, compared to 41% of revenues in Q1 2023. The lower levels of UA spend year over year were driven by decreased marketing investments in all our franchises except Racing.

The group's adjustments to reported EBITDA amounted to SEK 19 (18) million in the quarter. This included an adjustment for non-recurring bonus structures of SEK 14 (13) million and an adjustment for M&A transaction costs of SEK 5 (5) million. The group therefore reported EBITDA of SEK 377 (245) million and a margin of 26% (19) in the quarter.

Depreciation and amortization amounted to SEK 141 (123) million and included amortization of purchase price allocations (PPA) of SEK 100 (88) million. Excluding PPA, depreciation and amortization amounted to SEK 41 (35) million.

Consolidated EBIT was SEK 236 (121) million in the quarter, which corresponded to an EBIT margin of 16% (9). Operating costs before depreciation and amortization increased by 1% year over year to SEK 1,069 (1,061) million.

Net financials

(SEKm)	Q1 2024	Q1 2023	FY 2023
Net interest	33	43	162
Revaluation earn-out	-241	-145	-496
Revaluation PlaySimple debt (C-shares)	16	86	18
Exchange rate differences	37	-45	-3
Other	-1	-6	-6
Total financial net	**-157**	**-61**	**-324**

Total net financial items amounted to SEK -157 (-61) million in the quarter, of which net interest amounted to SEK 33 (43) million and other financial items to SEK -190 (-104) million.

Other financial items comprised of discounting effects, revaluation and exchange rate effects on earnout liabilities of SEK -241 (-145) million. Further, SEK 16 (86) million revaluation of financial liability related to the class C shares held by the group as final payment part of the agreement to acquire PlaySimple, exchange rate differences of SEK 36 (-45) million and other financial items of SEK -1 (-6) million. Net financial items were up year over year mainly due to exchange rate effects on earnout liabilities.

Received interest income that has affected the cash flow is included with SEK 33 million in the quarter, the remaining part of the financial net currently consists of non-cash items from revaluations and exchange rate differences.

Taxes

The group's tax amounted to SEK -111 (-36) million.

Venture capital fund investments

To date, the MTG VC fund has invested a total of SEK 419 (USD 40) million in a total of 26 companies. VC investments complement MTG's majority stake investment in InnoGames, Hutch, Ninja Kiwi, PlaySimple and Snowprint.

The portfolio assets range from start-up game developers across several game genres and game creation platforms in the US and Europe to pure esports-focused companies. VC investments related to esports remained in MTG after the divestment of ESL Gaming.

Financial review

Cash flow

(SEKm)	Q1 2024	Q1 2023	FY 2023
Cash flow from operations before changes in tax and working capital	332	386	1,714
Taxes paid	-78	-78	-431
Changes in working capital	39	-46	-25
Cash flow from operations	**293**	**262**	**1,258**
Cash flow from investing activities	**-45**	**-687**	**-2,353**
Cash flow from financing activities	**-10**	**-195**	**-536**
Total net change in cash and cash equivalents	**240**	**-619**	**-1,630**
Cash and cash equivalents at the beginning of the period	**2,956**	**4,733**	**4,733**
Translation differences in cash and cash equivalents	137	-95	-147
Cash and cash equivalents at end of the period	**3,332**	**4,019**	**2,956**

Cash flow from operations

Total cash flow from operations amounted to SEK 293 (262) million in the quarter. The group reported a SEK 39 (-46) million change in working capital and paid taxes of SEK -78 (-78) million in the quarter. Received net interest amounted to SEK 33 (43) million.

Cash flow from investing activities

Total cash flow relating to investing activities amounted to SEK -45 (-687) million in the quarter. This included capital expenditure on tangible and intangible assets, mainly consisting of capitalized development costs for games and platforms that have not yet been released, amounting to SEK -24 (-62) million. Cash and cash equivalents amounted to SEK -15 million in the quarter, and other changes amounted to SEK -5 (-6) million. This reflected cash held by Kongregate, which has now left the group at the time of the merger with Monumental. The corresponding period of 2023 included an earnout payment and a payment related to the acquisition of PlaySimple explaining the change.

Cash flow from financing activities

Total cash flow relating to financing activities amounted to SEK -10 (-195) million, mainly consisting of the group's leasing payments. The comparative period included a repurchase of shares explaining the change.

The net change in cash and cash equivalents amounted to SEK 240 (-619) million in the quarter and the group had a total cash and cash equivalents of SEK 3,332 (4,019) million at the end of the period.

Net debt

Net debt refers to the sum of interest-bearing liabilities less cash and cash equivalents. Interest-bearing liabilities such as additional purchase considerations or lease liabilities are not included.

Net debt as of March 31, 2024, amounted to SEK -3,332 (-4,019) million. The net debt calculation includes external financing of SEK 0 (0) million less SEK 3,332 (4,019) million in cash and cash equivalents.

Parent company

Modern Times Group MTG AB is the group's parent company and is responsible for group-wide management, administration, and financing.

(SEKm)	Q1 2024	Q1 2023	FY 2023
Net sales	15	15	61
Net interest and other financial items	90	-51	-128
Income before tax and appropriations	55	-78	-264

Net interest and other financial items for the quarter amounted to SEK 90 (-51) million. Net interest amounted to 24 (-21) million. Unrealized and realized exchange rate differences amounted to SEK 67 (-28) million and other financial items to SEK -1 (-2) million.

The parent company had cash and cash equivalents of SEK 1,774 (2,816) million at the end of the period.

The total number of shares outstanding at the end of the period was 121,681,404 (121,374,752), excluding the 3,662,980 Class B shares and the 6,324,343 Class C shares held by MTG as treasury shares.

Other information

Accounting policies

This interim report has been prepared according to 'IAS 34 Interim Financial Reporting' and the 'Swedish Annual Accounts Act'. The interim report for the parent company has been prepared according to the Swedish Annual Accounts Act – Chapter 9 'Interim Report'.

The group's consolidated accounts and the parent company's accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2023 Annual Report.

Disclosures in accordance with IAS 34.16A appear in the financial statements and the accompanying notes as well as in other parts of the interim report.

Related party transactions

No transactions between MTG and related parties that have materially affected the Group's position and earnings took place during the period.

Risks and uncertainties

Significant risks and uncertainties exist for the group and the parent company. These factors include the prevailing economic and business environments; commercial risks related to expansion into new territories; other political and legislative risks related to changes in rules and regulations in the various territories in which the group operates; exposure to foreign exchange rate movements, and the US dollar and euro-linked currencies in particular; the emergence of new technologies and competitors; and cyber-attacks.

The group's game development businesses depend on their ability to continue releasing successful titles that attract paying customers, conditions that are not under the group's full control.

Risks and uncertainties are also described in more detail in the 2023 Annual Report, which is available at www.mtg.com.

Stockholm, 24 April 2024

Maria Redin

Group President & CEO, Modern Times Group MTG AB

This report has not been reviewed by the group's auditor.

Condensed consolidated income statement

(SEKm)	Q1 2024	Q1 2023	FY 2023
Net sales	1,447	1,306	5,829
Cost of goods and services	-383	-338	-1,577
Gross income	**1,063**	**968**	**4,252**
Selling expenses	-542	-564	-2,344
Administrative expenses	-286	-288	-1,030
Other operating income	7	7	61
Other operating expenses	-5	-2	-14
Items affecting comparability	-	0	-40
EBIT	**236**	**121**	**885**
Net interest	33	43	162
Other financial items	-190	-104	-486
Income before tax	**80**	**60**	**561**
Tax	-111	-36	-397
Total net income for the period	**-31**	**24**	**164**
Net income for the period attributable to:			
Equity holders of the parent	-31	24	164
Non-controlling interest	-	-	-
Net income for the period	**-31**	**24**	**164**
Basic earnings per share, SEK	-0.26	0.20	1.33
Diluted earnings per share, SEK	-0.26	0.20	1.32
Number of shares			
Shares outstanding at the end of the period	121,681,404	121,374,752	121,681,404
Basic average number of shares outstanding	121,681,404	122,588,564	123,189,366
Diluted average number of shares outstanding	122,257,218	122,894,471	123,710,735

Consolidated statement of comprehensive income

(SEKm)	Q1 2024	Q1 2023	FY 2023
Net income	**-31**	**24**	**164**
Other comprehensive income			
Items that are or may be reclassified to profit or loss net of tax:			
Currency translation differences	512	36	-270
Total comprehensive income	**481**	**60**	-107
Total comprehensive income attributable to			
Equity holders of the parent	481	60	-107
Non-controlling interest	-	-	-
Total comprehensive income for the period	**481**	**60**	**-107**

Condensed consolidated balance sheet

(SEKm)	Mar 31 2024	Mar 31 2023	Dec 31 2023
Non-current assets			
Goodwill	10,277	10,313	10,418
Other intangible assets	2,097	2,359	2,440
Total intangible assets	**12,374**	**12,671**	**12,859**
Total tangible assets	**36**	**55**	**39**
Right of use assets	166	60	172
Shares and participations in associated and other companies	1,328	440	399
Other financial receivables	212	184	289
Total non-current financial assets	**1,540**	**625**	**687**
Total non-current assets	**14,116**	**13,411**	**13,758**
Current assets			
Other receivables	697	690	787
Cash and cash equivalents	3,332	4,019	2,956
Total current assets	**4,029**	**4,709**	**3,743**
Total assets	**18,145**	**18,120**	**17,500**
Equity			
Shareholders' equity	14,208	13,817	13,714
Total equity	**14,208**	**13,817**	**13,714**
Non-current liabilities			
Lease liabilities	134	27	138
Total non-current interest-bearing liabilities	**134**	**27**	**138**
Provisions	556	617	610
Contingent consideration	1,205	1,532	1,007
Other non-interest-bearing liabilities	180	0	166
Total non-current non-interest-bearing liabilities	**1,942**	**2,150**	**1,784**
Total non-current liabilities	**2,076**	**2,177**	**1,921**
Current liabilities			
Contingent consideration	475	852	432
Lease liabilities	33	34	36
Other interest-bearing liabilities	518	466	534
Other non-interest-bearing liabilities	835	774	863
Total current liabilities	**1,862**	**2,126**	**1,865**
Total liabilities	**3,937**	**4,303**	**3,786**
Total shareholders' equity and liabilities	**18,145**	**18,120**	**17,500**

Condensed consolidated statement of cash flows

(SEKm)	Q1 2024	Q1 2023	FY 2023
Income before tax	80	60	561
Adjustment for items not included in cash flow	253	326	1,153
Taxes paid	-78	-78	-431
Changes in working capital	39	-46	-25
Cash flow from operations	**293**	**262**	**1,258**
Investments/divestments in deposits	-	-	-118
Acquisition / sale of subsidiaries, associates and other investments	-20	-162	-601
Earnout payments	-	-463	-1,421
Investments in other non-current assets	-24	-62	-212
Cash flow from investing activities	**-45**	**-687**	**-2,353**
Repurchase of shares	-	-186	-499
Other cash flow from/used in financing activities	-10	-9	-38
Cash flow from financing activities	**-10**	**-195**	**-536**
Total net change in cash and cash equivalents	**240**	**-619**	**-1,630**
Cash and cash equivalents at the beginning of the period	**2,956**	**4,733**	**4,733**
Translation differences in cash and cash equivalents	137	-95	-147
Cash and cash equivalents at end of the period	**3,332**	**4,019**	**2,956**

Condensed consolidated statement of changes in equity

(SEKm)	Mar 31 2024	Mar 31 2023	Dec 31 2023
Opening balance	**13,714**	**13,934**	**13,934**
Net income for the period	-31	24	164
Other comprehensive income for the period	512	36	-270
Total comprehensive income for the period	**481**	**60**	**-107**
Effect of employee share programs	12	8	37
New share issue	-	-	347
Repurchase of shares	-	-186	-499
Change in non-controlling interests	-	-	-
Redemption of shares	-	-	-
Closing balance	**14,208**	**13,817**	**13,714**

Parent company condensed income statement

(SEKm)	Q1 2024	Q1 2023	FY 2023
Net sales	15	15	61
Gross income	**15**	**15**	**61**
Administrative expenses	-50	-43	-198
Operating income	**-35**	**-27**	**-137**
Net interest and other financial items	90	-51	-128
Income before tax and appropriations	**55**	**-78**	**-264**
Appropriations	-	-	127
Tax	-	-	0
Net income for the period	**55**	**-78**	**-137**

Net income for the period is in line with total comprehensive income for the parent company.

Parent company condensed balance sheet

(SEKm)	Mar 31 2024	Mar 31 2023	Dec 31 2023
Non-current assets			
Machinery and equipment	1	1	1
Right of use assets	4	1	5
Shares and participations	13,821	22,463	13,821
Total non-current assets	**13,827**	**22,466**	**13,827**
Current assets			
Current receivables	31	24	163
Cash and cash equivalents	1,774	2,816	1,599
Total current assets	**1,804**	**2,840**	**1,762**
Total assets	**15,631**	**25,305**	**15,588**
Shareholders' equity			
Restricted equity	658	670	658
Non-restricted equity	14,916	14,833	14,850
Total equity	**15,575**	**15,503**	**15,508**
Untaxed reserves	9	**9**	**9**
Non-current liabilities			
Provisions	15	9	12
Lease liabilities	3	-	3
Total non-current liabilities	**18**	**9**	**16**
Current liabilities			
Lease liabilities	1	1	1
Other interest-bearing liabilities	-	9,754	-
Non-interest-bearing liabilities	28	28	53
Total current liabilities	**30**	**9,784**	**55**
Total shareholders' equity and liabilities	**15,631**	**25,305**	**15,588**

Financial instruments at fair value

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and liabilities, except shares and participations in other companies and contingent considerations for which the valuation technique is described below.

(SEKm)	Mar 31 2024				Dec 31 2023			
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value								
Shares and participations in other companies	1,327	-	-	1,327	397	-	-	397
Financial liabilities measured at fair value								
Contingent consideration	1,681	-	-	1,681	1,439	-	-	1,439

Valuation techniques

Shares and participations in other companies – acquisition cost is initially considered to be a representative estimate of fair value. Subsequently, values are remeasured at fair value and gains/losses recognized when there is subsequent financing through participation by a third-party investor, in which case the price per share in that financing is used, when there is a realized exit or when there are indications that cost is not representative of fair value and sufficient, more recent information is available to measure fair value. Listed holdings are valued at the current share price.

(SEKm)	Mar 31 2024	Dec 31 2023
Opening balance 1 January	**397**	**408**
Reported gains and losses in net income for the period	14	-23
Acquisition[1]	894	17
Translation differences	21	-33
Loan converted to shares	-	27
Closing balance	**1,327**	**397**

1) Purchase price for Kongregate merging with Monumental during 2024 amount to SEK 889 million

Contingent consideration – expected future values are discounted to present value. The discount rate is risk-adjusted. The most critical parameters are estimated future revenue growth and future operating margin.

(SEKm)	Mar 31 2024	Dec 31 2023
Opening balance 1 January	**1,439**	**2,703**
Exercised payments, cash-based	-	-1,421
Exercised payments, share-based	-	-347
Revaluation	109	326
Interest expense	46	212
Translation differences	86	-33
Closing balance	**1,681**	**1,439**

(SEKm)	2024	2025	2026	2027+	**Total**
Cash consideration	478	786	417	-	**1,681**
Share consideration	-	-	-	-	-
Total contingent consideration[1]	**478**	**786**	**417**	-	**1,681**

1) Exercised payments related to contingent considerations during 2024 amount to SEK 1,681 million

Divestment

Kongregate was deconsolidated from early Q1 due to the merger of Kongregate into Monumental. MTG's holding in Monumental is calculated as a purchase price which amounts to a 30% stake in business. MTG's shares represent less than 20% of the votes in Monumental and the holding is therefore reported as a financial asset as part of the shares in associated companies and other companies in the group's balance sheet. The initial value is based on a fair value assessment.

Effects on the cash flow from the divestment are shown below:

(SEKm)	Q1 2024
Assets	993
Cash and cash equivalents	15
Total assets	**1,008**
Liabilities and provisions	119
Total liabilities and provisions	**119**
Purchase price	889
Cash settlement through shares[1]	889
Cash and cash equivalents in Kongregate	-15
Impact on cash and cash equivalents	**-15**

1) Received shares in Monumental, booked as a financial assets

Alternative performance measures

The purpose of alternative performance measures (APMs) is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. MTG uses the following APMs:

- Adjusted EBITDA
- Change in net sales from organic growth

Reconciliation of adjusted EBITDA

Adjusted EBITDA is used to assess MTG's underlying profitability. Adjusted EBITDA is defined as EBITDA adjusted for the effects of items affecting comparability, non-recurring bonus structures, acquisition-related transaction costs and impairment of capitalized internal work. Items affecting comparability refer to material items and events related to changes in the group's structure or lines of business, which are relevant for understanding the group's development on a like-for-like basis. During the second quarter of 2022, the group changed its definition of adjusted EBITDA. The new definition of adjusted EBITDA does not include the group's various operational incentive programs and only includes non-recurring bonus structures.

(SEKm)	Q1 2024	Q1 2023	FY 2023
EBIT	**236**	**121**	**885**
Amortization	132	118	517
Depreciation	9	6	36
EBITDA	**377**	**245**	**1,439**
Items affecting comparability	-	-	40
Impairment own capitalized costs	-	-	-
Non-recurring bonus structures	14	13	33
M&A transaction costs	5	5	36
Adjusted EBITDA	**396**	**263**	**1,548**

Reconciliation of sales growth

Since the group generates the majority of its sales in currencies other than the reporting currency (i.e., SEK, Swedish krona) and currency rates have proven to be rather volatile, the group's sales trends and performance are analyzed as changes in organic sales growth. This presents the increase or decrease in overall SEK net sales on a comparable basis, allowing for separate discussions of the impact of exchange rates, acquisitions, and divestments. The following table presents changes in organic sales growth as reconciled to the change in total reported net sales.

(SEKm)	Q1 2024	Q1 2023	FY 2023
Group			
Organic growth	4%	-11%	-2%
Acquisition/divestments	7%	0%	2%
Changes in FX rates	1%	7%	5%
Reported growth	11%	-4%	5%

Events after the end of the period

After the end of the period, MTG announced that its wholly owned game studio Ninja Kiwi has acquired AutoAttack Games, the studio behind Legion TD 2, for an undisclosed cash consideration. AutoAttack Games was established in 2014 by Brent Batas, following his incredibly successful Legion TD mod for Warcraft III. Julian Gari joined shortly after in 2016, and together they have co-led AutoAttack Games for 8 years. Along with a small team, they are responsible for the development, marketing, and community activities around Legion TD 2.

MTG also announced a new SEK 100 million share buyback program, launching on April 24 and running until May 15 2024. MTG has the intention to seek further approval at the 2024 AGM, and to launch the next share repurchase program after the AGM, should it receive the necessary shareholder approvals.

There were no other events after the end of the reporting period.

Definitions

Adjusted EBITDA
EBITDA, adjusted for the effects of items affecting comparability, long-term incentive programs, acquisition-related transaction costs and impairment of own work capitalized, which are referred to as adjustments.

ARPDAU
Average net revenue per daily active user.

Capital expenditures (CAPEX)
Capital expenditures is a financial investment made with the expectation of future revenues.

Cash conversion
Cash flow from operating activities including investments less realized exchange rate effects, as a percentage of adjusted EBITDA.

Cash flow from operations
Cash flow from operating activities shows changes in working capital including profit for the year adjusted for profit and loss items that have not affected changes in cash flow.

DAU
Daily active user.

Earnings per share
Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

EBIT/Operating income
Net income for the period from continuing operations before other financial items, net interest and tax.

EBITDA
Profit for the period from continuing operations before other financial items, net interest, tax and depreciation and amortization.

IAA
In app advertising.

IAP
In app purchases.

Items affecting comparability (IAC)
Items affecting comparability refers to material items and events related to changes in the group's structure or lines of business, which are relevant for understanding the group's development on a comparable basis.

MAU
Monthly active user.

Net debt
Net debt refers to the sum of interest-bearing liabilities less cash and cash equivalents. Liabilities such as earn outs and lease liabilities are not included.

Organic growth
The change in net sales compared with the same period last year, excluding acquisitions and divestments and adjusted for currency effects.

ROAS
Return on ad spend.

Transactional currency effect
The effect that foreign exchange rate fluctuations can have on a completed transaction prior to settlement. This refers to the exchange rate, or currency risk associated specifically with the time delay between entering into a trade or contract and then settling it.

Translational currency effect
Converting one currency to another, often in the context of the financial results of foreign subsidiaries into the parent company's and/or the group's functional currency.

UA
User acquisition.

Shareholder information

MTG's Annual General Meeting 2024

The Annual General Meeting will be held on 16 May 2024 in Stockholm.

All information relating to the Annual General Meeting, including the notice, the Nomination Committee's proposals and related materials has been published at www.mtg.com.

Financial calendar

Item	Date
Annual General Meeting 2024	16 May 2024
Q2 2024 Interim Financial Results report	18 July 2024
Q3 2024 Interim Financial Results report	24 October 2024

Questions?

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Conference call

MTG will host a livestream and conference call at 15.00 CET today, on 24 April 2024. The call will be held in English.

How to join:

- To participate via livestream, please use this link.
- To join via phone, please register using this link. After you've registered, you'll receive the dial-in number and conference ID to access the teleconference.
- You can ask questions via phone during the teleconference or by using the livestream Q&A tool.

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MTG (Modern Times Group MTG AB (publ)) (www.mtg.com) is an international mobile gaming group that owns and operates gaming studios with popular global IPs across a wide range of casual and mid-core genres. The group is focused on accelerating portfolio company growth and supporting founders and entrepreneurs. MTG is an active driver of gaming industry consolidation and a strategic acquirer of gaming companies around the world. We are born in Sweden but have an international culture and global footprint. Our shares are listed on Nasdaq Stockholm ("MTGA" and "MTGB").

This information is information that Modern Times Group MTG AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 7:30 CET on April 24, 2024.

This interim report contains statements concerning, among other things, MTG's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent MTG's future expectations. MTG believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include but may not be limited to MTG's market position; growth in the gaming industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of MTG, its group companies and the gaming industry in general. Forward-looking statements apply only as of the date they were made, and, other than as required by applicable law, MTG undertakes no obligation to update any of them in the light of new information or future events.