

## MTG maintains 2024 outlook and operating margin grows to 30%

Despite Q2 revenues declining by -1% on a reported basis in constant currencies, we are maintaining our full-year outlook of 1-5% growth in reported sales before currency effects. Snowprint's revenues grew year over year thanks to the continued success of Warhammer 40,000: Tacticus, while our remaining studios' sales declined. We remain focused on our established portfolio and maintain marketing discipline as we prepare to accelerate UA spend again on the back of new content for established titles and new games in H2. User acquisition spend was down year over year but increased again at the end of Q2. We therefore reported a 7% year over year increase in adjusted EBITDA to SEK 426 million and a strong margin of 30%. After the AGM in May we launched a new SEK 400 million share repurchase program, which runs until May 2025.

### Financial highlights Q2

- Net sales decreased by -1% to SEK 1,437 (1,458) million year over year and were down -1% in constant currencies
- UA spend of SEK 470 (563) million corresponding to 33% (39%) of revenues
- Adjusted EBITDA of SEK 426 (397) million with an adjusted EBITDA margin of 30% (27%)
- Reported EBITDA of SEK 420 (345) million and EBIT of SEK 281 (222) million
- Net financial items of SEK -287 (-86) million, including revaluation of performance-based earnout liabilities, whereof SEK 33 (40) million was interest income
- Tax amounted to SEK -105 (-79) million
- Total net income of -111 (57) million
- Cash flow from operations of SEK 374 (260) million
- Cash and cash equivalents at the end of the period amounted to SEK 3,144 (3,871) million with a cash conversion of 66% for the 12-month period ended 30 June 2024

### Financial highlights first half-year

- Net sales increased by 4% to SEK 2,884 (2,764) million and were up 3% in constant currencies
- UA spend of SEK 997 (1,100) million corresponding to 35% (40%) of revenues
- Adjusted EBITDA of SEK 822 (660) million with an adjusted EBITDA margin of 28% (22%)
- Reported EBITDA of SEK 797 (590) million and EBIT of SEK 517 (344) million
- Net financial items of SEK -444 (-148) million, of which SEK 66 (83) was interest income
- Total net income of SEK -142 (82) million and total basic earnings per share of SEK -1.17 (0.67)
- Cash flow from operations of SEK 667 (522) million
- Cash and cash equivalents at the end of the period amounted to SEK 3,144 (3,871) million
- Outlook for 2024 maintained, net sales growth is 1% to 5% at constant currencies, and an adjusted EBITDA margin between 26% to 29%

### Financial overview

(SEKm)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Net sales	1,437	1,458	2,884	2,764	5,829
EBIT	281	222	517	344	885
EBITDA	420	345	797	590	1,439
Adjusted EBITDA	426	397	822	660	1,548
Net income	-111	57	-142	82	164
Basic earnings per share (SEK)	-0.92	0.47	-1.17	0.67	1.33
Diluted earnings per share (SEK)	-0.91	0.47	-1.17	0.66	1.32
<b>Growth</b>					
Sales growth, %	-1%	6%	4%	1%	5%
Changes in FX rates	0%	7%	0%	7%	5%
Sales growth at constant FX	-1%	-2%	3%	-6%	0%
<i>of which organic growth</i>	-7%	-2%	-2%	-6%	-2%

## President & CEO's comments



### We maintain outlook and deliver all-time-high rolling 12-month profitability

Our reported net sales were down -1% year over year in Q2 but up 4% in the first half of 2024 in constant currencies. Snowprint, which we acquired in Q4 last year,

grew year over year in Q2, while our established studios reported lower year over year sales in the period. Our performance reflected a quarter focused on operating execution, high profitability and strong cash generation.

We are facing a challenging industry which is going through another year of adjustment, driven by intense competition for players' time, attention and wallets. At the same time, Google's changes to the digital advertising landscape and the switch to real-time bidding continue to impact digital advertising revenues.

While we reported softer sales in the quarter, our studios have continued to deliver polished, high-quality content that reinforces a strong and dynamic portfolio of games. Our teams remain focused on their execution, and we expect our business to begin demonstrating better momentum again in H2. Each of our studios have pipelines that mix larger updates and content for established titles with newly launched or soon-to-be-launched games. Our focus across the group is both on providing great experiences for our players, and on delivering on our business objectives during the second half of the year. This makes for an exciting H2 and beyond, even if it will take some time before the current initiatives begin driving revenues.

Snowprint delivered another quarter of strong growth in Q2 as they successfully continued to expand Warhammer 40,000: Tacticus with key updates in the quarter. At the time of writing, Snowprint are also finalists in the "Best Live Ops" and "Best Developer" categories in the Pocket Gamer Mobile Games Awards in July.

PlaySimple continued to be affected by the new advertising market environment which has a negative effect on their ability to optimize their inventory. PlaySimple increased their focus on data science and AI applications to mitigate the slower performance and reported year over year growth in June as a result. These early positive signs from PlaySimple's new initiatives allowed the studio to cautiously begin scaling up user acquisition for both existing and new games. Crossword Jam and Word Search expanded into additional languages this quarter, with PlaySimple using AI tools to optimize features and content for local audiences.

InnoGames sales decline in Q2 was driven by weaker than anticipated event performance in Forge of Empires and lower revenues from Elvenar. The studio also faced tougher year over year comparison numbers in Q2, as the series of strongly performing events in Forge of Empire began in Q2 last year. InnoGames is focused on driving performance in Forge of Empires, both through live-ops and events, as well as by creating an additional growth team for the game.

Hutch reported nearly flat revenues year over year and a significant revenue uplift from the first quarter. The annual reset of F1 Clash went live in early May and early KPIs have been positive. NASCAR Manager, which was launched in February, continued to show positive early momentum.

Ninja Kiwi's revenues were down year over year, affected by the lower number of new users coming into the Bloons TD 6. Bloons TD 6 was included in the two-week long Summer Sale on Steam that started on June 27, and reported its second highest Steam downloads in the game's history.

We expect the broader revenue dynamics we are facing to continue into Q3 but anticipate better revenue momentum from key existing titles in the seasonally important Q4. We also expect to see initial revenue contributions from several new titles in the second half of the year. We therefore remain confident in our sales outlook for the year and continue to expect to deliver between 1% and 5% reported sales growth excluding currency effects.

### A commitment to healthy return on marketing spend and cost control drove margin improvement in Q2

We invested a total of SEK 470 million in user acquisition in Q2, and SEK 997 million for the first half of 2024. Our strict marketing discipline with a focus on healthy return on ad spend levels resulted in total UA spend declining year over year both in absolute terms and as a proportion of total revenues. The decline was driven by lower marketing spend in PlaySimple and InnoGames, as well as the divestment of Kongregate. This was partially offset by marketing investments in Snowprint and slightly higher marketing spend in Hutch.

Our total adjusted EBITDA increased by 7% year over year in Q2 and 25% for the first six months of the year, with significantly improved margins of 30% and 28% respectively for the two periods.

We are confident in our full year outlook for our adjusted EBITDA margin to be between 26% and 29% and expect to deliver margins in the upper end of the range, driven by

our strong operating leverage and expected ability to deploy more UA towards the end of the year.

MTG continues to be a highly cash generative business and we delivered a cash conversion of 66% for the 12-month period ending 30 June 2024. This was above our long-term guided range of 50-60%.

### **A quality portfolio backed by a strong balance sheet will drive value for our shareholders**

We remain confident in the quality and longevity of our highly cash generative portfolio of established live games. This means that we can continue providing our established players with great gaming experiences over the long term and enable us to scale new games as and when we see opportunities.

We retain a strong balance sheet boosted by high and steady cash flow generation. This is enabling us to return money to shareholders through our ongoing SEK 400 million share buy-back program which runs until May 2025.

We have committed to continue buying back shares for one third of our annual free cash flow going forward. We remain focused on executing on our M&A agenda in a market where groups like MTG are becoming more and more attractive to successful independent entrepreneurs.

Our performance continues to demonstrate the strong optionality in our operating model and the quality of our portfolio. Our studios remain highly motivated and focused on their execution and we expect our future performance and growth trajectory to reflect that.

Thank you for following our progress and I look forward to sharing more updates with you soon.

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

### **2024 outlook reiterated**

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 announces that Oliver Bulloss joins 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 announces 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 announces 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 announces 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.

**May 16** – The Annual General Meeting (AGM) resolved on the following proposals, among others, to adopt an incentive plan for 2024, to elect Öhrlings PricewaterhouseCoopers AB as new Auditor, and to reduce the share capital of the company by way of cancellation of repurchased own Class B shares.

**May 16** – Conclusion of MTG's share buyback program that commenced on 24 April 2024. MTG has repurchased a total of 586,755 class B shares under the program, for a total value of SEK 55 million.

**May 16** – MTG announces a SEK 400 million share repurchase program. The program will run between 17 May and 30 April 2025. The Board of Directors' view is that share repurchase programs provide a flexible and sustainable increase in the value created for MTG's shareholders while enabling MTG to continue pursuing its strategic M&A objectives.

**June 4** – MTG secures new SEK 1 billion unsecured revolving credit facility with a 2-year tenor, with an option to extend for an additional year.

Further information about the group's significant events can be found on MTG's homepage on [www.mtg.com](http://www.mtg.com)

## Group performance

### Net sales

(SEKm)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Net sales	1,437	1,458	2,884	2,764	5,829
Sales growth, %	-1%	6%	4%	1%	5%
Changes in FX rates	0%	7%	0%	7%	5%
Sales growth at constant FX	-1%	-2%	4%	-6%	0%
of which organic growth	-7%	-2%	-2%	-6%	-2%

MTG's studios currently develop and publish 37 live games across a wide range of casual and midcore genres. Group net sales were down slightly by -1% year over year, to SEK 1,437 million in Q2 with zero effect from currency in the period. Our revenue decline was driven by lower sales in each of our studios with the exception of Snowprint, which successfully continued to scale Warhammer 40,000: Tacticus in the quarter.

### Reported sales by franchise

(SEKm)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Word Games	561	575	630	610	596
Strategy & Simulation	507	521	539	440	424
Racing	166	129	149	166	164
Tower Defense	120	114	137	143	134
Other smaller franchises	84	108	117	134	140
<b>Total sales</b>	<b>1,437</b>	<b>1,447</b>	<b>1,571</b>	<b>1,494</b>	<b>1,458</b>

**Word Games** franchise revenues were down -6% year over year and down -5% sequentially in constant currencies. The decline reflected lower digital advertising CPM levels from Google's shift to real-time bidding. Despite this, PlaySimple's increased focus on AI and machine learning for new and localized game versions, including Crossword Jam and Word Search, has shown promising early KPIs. These titles were launched in multiple countries this quarter and are scaling well in terms of installs, revenue and DAU in these markets.

Updates and new AI-powered features in established games continued to drive monetization and engagement. Word Trip and Crossword Explorer introduced features to optimize the game economy and target highly skilled players, respectively. New, larger puzzles in Crossword Explorer and enhanced IAP levels in Daily Themed Crossword also contributed to the sustained growth and player satisfaction.

The team is also getting ready for the commercial launch of two casual games outside of the word genre, Two Square: 2048 Numbers Merge and Tile Match.

**Strategy & Simulation** franchise revenues were up 20% year over year driven by the inclusion of Warhammer 40,000: Tacticus. Franchise revenue was down sequentially by -4% in constant currencies.

InnoGames held three events for Forge of Empires in the quarter: the Anniversary, the Heroes and the Summer Event. Unfortunately, the events did not perform in line with our expectations and were unable to replicate the same strong uplift we saw in Q2 last year. The team continues to focus on player engagement and

monetization, and introduced a new Guild Raids feature to support monetization between events. InnoGames is now evaluating the performance and KPIs of the new feature. InnoGames has also set up a second growth team for Forge of Empires to help drive future performance. Browser revenues continue to be an important part of MTG's revenue mix, with Forge of Empires now generating over two thirds of its total turnover from its browser platform, where InnoGames benefits from significantly lower platform fees.

Snowprint continued to focus on scaling Warhammer 40,000: Tacticus, which delivered healthy growth. In June the studio released the Machines of War feature, which was well-received by players. Snowprint also launched a new web store, initially inviting players who are part of its Ambassador program. The team has an active pipeline for Warhammer 40,000: Tacticus going forward, which includes the two-year anniversary of the game as well as a continued stream of new characters and content. As mentioned earlier, Snowprint is also one of the finalists in the "Best Developer" and "Best Live Ops" categories in the Pocket Gamer Mobile Games Awards 2024.

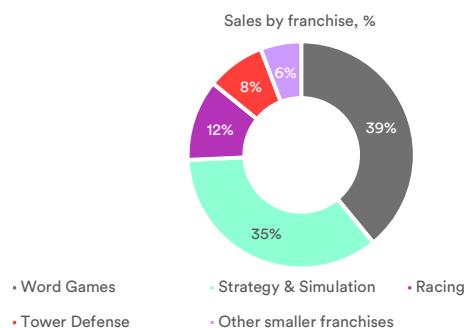
**Tower Defense** franchise revenues were down -10% year over year in the quarter but up 3% from Q1. The performance in the quarter continued to be affected by the lower install levels in the beginning of the year, mitigated somewhat by a Steam sale in April. Bloons TD 6 was also included in the Summer Sale on Steam in June, and delivered the second highest units sold during a sales event ever for the franchise. Ninja Kiwi tested a major influencer campaign for Bloons TD 6 in the quarter. The campaign helped reactivate existing players and drove in-

app purchases in BTD6. Ninja Kiwi continues to enrich the game with new content, including a new Boss Rush event and two new heroes and has a rich content pipeline for Bloons going forward, including a new tower in August. A major update that enables users to generate their own content in the game is also in the works for later in the year.

The release of Bloons TD 6 on PlayStation is expected in Q3, with the team aiming to release the game on Nintendo Switch at the end of the year. Two brand-new games are also under development and Ninja Kiwi recently conducted a public test on the upcoming Bloons Card Storm and will conduct further public tests in the near future. The early versions of Bloons Card Storm have had a very positive reception so far, and the game was awarded the “Excellence in Accessibility” prize at the 2024 “The Pavs” awards at the NZ Games Festival.

**Racing** franchise revenues were stable year over year in constant currencies and were up by 26% on a sequential basis, as the franchise began showing early positive signs of improved momentum thanks to a well-executed F1 Clash season reset and positive early momentum from NASCAR Manager, which was launched in February this year.

The 2024 season update of F1 Clash was released in May, with the team implementing a range of learnings from last year. The update has performed well and generated a positive boost in product performance and monetization mechanics. This resulted in ARPDAU for the game growing significantly in the quarter. NASCAR Manager delivered another quarter of encouraging KPI's. The team also continued to optimize and evolve Forza Customs in the quarter.



## 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
Two Square: 2048 Numbers Merge	PlaySimple	In soft launch
Tile Match	PlaySimple	In soft launch
Word Trip	PlaySimple	In soft launch
Rise of Cultures (rework)	InnoGames	New game launch
Bloons Card Storm	Ninja Kiwi	New game launch
New title	Ninja Kiwi	New game launch
Bloons TD 6	Ninja Kiwi	PlayStation launch
Bloons TD 6	Ninja Kiwi	Switch launch

## Key performance indicators

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
DAU, million	5.8	6.5	6.5	6.4	6.6
MAU, million	31.1	31.9	32.3	31.0	30.7
ARPDAU, SEK	2.7	2.5	2.6	2.5	2.4
Revenue generated by the top 3 games, %	38%	40%	41%	46%	47%
Revenue generated by platform, %					
Mobile	76%	75%	78%	75%	77%
Browser	19%	20%	19%	20%	20%
Other	5%	4%	3%	4%	3%
Revenue generated by territory, %					
Europe	33%	32%	33%	33%	32%
North America	61%	63%	62%	62%	63%
Asia Pacific	5%	4%	4%	4%	4%
Rest of World	1%	1%	1%	1%	1%
Revenue generated by monetization type, %					
IAP	61%	59%	58%	58%	59%
IAA	33%	35%	36%	35%	35%
Other	6%	5%	6%	8%	6%
UA spend, SEKm	470	527	600	554	563

The group's total number of DAU (daily active users) declined year over year and from Q1, mainly driven by the divestment of Kongregate in the first quarter of the year. DAU were down only slightly both on a year over year and sequential basis if adjusting for Kongregate. This reflected slightly higher DAU levels in our Word Games franchise being more than offset by lower DAUs in our other franchises.

Average Revenue per Daily Active User (ARPDAU) was up 11% year over year, again mostly driven by the divestment of Kongregate, which mainly had low-ARPDAU players. Strategy and Simulation and Tower Defence ARPDAU was up year over year and sequentially in Q2, while Racing ARPDAU was down slightly year over year but up significantly from Q1.

Forge of Empires, Crossword Jam and Warhammer 40,000: Tacticus were the group's top three performing games. The top three games represented 38% of the group's revenues in the second quarter, compared to 40% in the first quarter. Mobile represented 76% (77%) of total revenues in the second quarter, while browser represented 19% (20%) of revenues in the quarter.

## Adjusted EBITDA, EBITDA and EBIT

(SEKm)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
<b>EBIT</b>	<b>281</b>	<b>222</b>	<b>517</b>	<b>344</b>	<b>885</b>
Amortization	129	123	261	240	517
Depreciation	9	0	18	6	36
<b>EBITDA</b>	<b>420</b>	<b>345</b>	<b>797</b>	<b>590</b>	<b>1,439</b>
Items affecting comparability	-	40	-	40	40
Impairment own capitalized costs	-	-	-	-	-
Non-recurring bonus structures	6	8	20	21	33
M&A transaction costs	1	4	5	9	36
<b>Adjusted EBITDA</b>	<b>426</b>	<b>397</b>	<b>822</b>	<b>660</b>	<b>1,548</b>
<i>Adjusted EBITDA margin</i>	30%	27%	28%	24%	27%

We reported a 7% increase in adjusted EBITDA to SEK 426 (397) million in Q2, and a 25% increase to SEK 822 (660) million for the first six months of the year, with improved margins of 30% and 28% for the two respective periods. The increase and margin growth in Q2 primarily reflected higher profits year over year in PlaySimple, primarily driven by lower user acquisition spending. The year over year increase was even higher on an underlying basis, as our adjusted EBITDA in Q2 2023 was positively affected by the one-off reversal of an incentive program in one of our studios.

Total user acquisition costs represented 33% of group revenues in Q2, compared to 39% in Q2 2023 and 36% in Q1 2024. The lower UA levels in the quarter reflected our disciplined approach to marketing and ROAS levels, with decreased marketing investments year over year in all the franchises except Racing. Our studios do, however, expect to be able to gradually start increasing UA spend again in the second half of the year as we continue to evolve existing new and established titles and launch several new games. It is worth noting that we did begin gradually increasing UA spend in the Word Games franchise towards the end of the quarter, as PlaySimple began seeing better opportunities to invest in marketing on the back of several new initiatives.

The group's adjustments to reported EBITDA amounted to SEK 6 (52) million in the quarter. This included an adjustment for non-recurring bonus structures of SEK 6 (8) million and an adjustment for M&A transaction costs of SEK 1 (4) million. The group therefore reported EBITDA of SEK 420 (345) million and a margin of 29% (24%) in the quarter.

Depreciation and amortization amounted to SEK 139 (123) million and included amortization of purchase price allocations (PPA) of SEK 102 (91) million. Excluding PPA, depreciation and amortization amounted to SEK 37 (32) million.

Consolidated EBIT was SEK 281 (222) million in the quarter, which corresponded to an EBIT margin of 20% (15%). Operating costs before depreciation and amortization decreased by 9% year over year to SEK 1,018 (1,113) million.

## Net financials

(SEKm)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Net interest	33	40	66	83	162
Revaluation earnout effects	-261	-278	-502	-423	-496
Revaluation PlaySimple debt (C-shares)	-5	40	11	126	18
Exchange rate differences	-50	114	-13	69	-3
Other	-4	-2	-6	-2,4	-6
<b>Total financial net</b>	<b>-287</b>	<b>-86</b>	<b>-444</b>	<b>-148</b>	<b>-324</b>

Total net financial items amounted to SEK -287 (-86) million in the quarter, of which net interest amounted to SEK 33 (40) million and other financial items to SEK -320 (-126) million.

Other financial items comprising discounting effects, revaluation and exchange rate effects on earnout liabilities amounted to SEK -261 (-278) million. During the quarter MTG revaluated the earnout liability to PlaySimple to reflect the company reaching their maximum total payout ceiling. This is indicative of the high levels of performance delivered by, and expected going forward from, PlaySimple.

In addition, other financial items included a SEK -5 (40) 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. MTG holds the C shares as an off-balance sheet item and a future transfer of shares to PlaySimple will not have a cash impact. Exchange rate differences in the quarter amounted to SEK -50 million. This compared to positive exchange rate differences of SEK 114 million in Q2 2023.

## Taxes

The group's tax amounted to SEK -105 (-79) million in the quarter.

## Venture capital fund investments

To date, the MTG VC fund has invested a total of 424 SEK (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)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Cash flow from operations before changes in tax and working capital	469	363	801	749	1,714
Taxes paid	-135	-103	-213	-181	-431
Changes in working capital	39	0	78	-46	-25
<b>Cash flow from operations</b>	<b>374</b>	<b>260</b>	<b>667</b>	<b>522</b>	<b>1,258</b>
<b>Cash flow from investing activities</b>	<b>-438</b>	<b>-528</b>	<b>-482</b>	<b>-1,215</b>	<b>-2,353</b>
<b>Cash flow from financing activities</b>	<b>-108</b>	<b>-57</b>	<b>-118</b>	<b>-252</b>	<b>-536</b>
<b>Total net change in cash and cash equivalents</b>	<b>-172</b>	<b>-324</b>	<b>67</b>	<b>-945</b>	<b>-1,630</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,332</b>	<b>4,019</b>	<b>2,956</b>	<b>4,733</b>	<b>4,733</b>
Translation differences in cash and cash equivalents	-16	178	121	83	-147
<b>Cash and cash equivalents at end of the period</b>	<b>3,144</b>	<b>3,871</b>	<b>3,144</b>	<b>3,871</b>	<b>2,956</b>

### Cash flow from operations

Total cash flow from operations amounted to SEK 374 (260) million in the quarter. The group reported a SEK 39 (0) million change in working capital and paid taxes of SEK -135 (-103) million in the quarter. Received net interest amounted to SEK 36 (40) million.

### Cash flow from investing activities

Total cash flow relating to investing activities amounted to SEK -438 (-528) million in the quarter. This mainly consisted of an earnout payment of SEK -521 million to PlaySimple and SEK 106 million related to net other investments of which the main part consisted of long-term deposits by PlaySimple made in Q2 2023, which have matured in Q2 2024. This effect was included in the cash flow from investing activities. In addition, investing activities also included capital expenditure on tangible and intangible assets amounting to SEK -22 (-65) million, primarily comprising capitalized development costs for games and platforms.

### Cash flow from financing activities

Total cash flow relating to financing activities amounted to SEK -108 (-57) million, mainly consisting of a repurchase of shares amounted to SEK -98 (-60) million and the group's leasing payments.

The net change in cash and cash equivalents amounted to SEK -133 (-324) million in the quarter and the group had a total cash and cash equivalents of SEK 3,144 (3,871) 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 June 30, 2024, amounted to SEK -3,144 (-3,871) million. The net debt calculation includes external financing of SEK 0 (0) million less SEK 3,144 (3,871) 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)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Net sales	15	15	29	30	61
Net interest and other financial items	2	84	92	33	-128
Income before tax and appropriations	-39	45	15	-34	-264

Net interest and other financial items for the quarter amounted to SEK 2 (84) million. Net interest amounted to 22 (-31) million. Unrealized and realized exchange rate differences amounted to SEK -16 (116) million and other financial items to SEK -4 (-2) million.

The parent company had cash and cash equivalents of SEK 1,674 (2,686) million at the end of the period.

The total number of shares outstanding at the end of the period was 120,799,775 (124,785,133), excluding the 4,544,609 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](http://www.mtg.com).

Stockholm, 18 July 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)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
<b>Continuing operations</b>					
Net sales	1,437	1,458	2,884	2,764	5,829
Cost of goods and services	-380	-366	-763	-704	-1,577
<b>Gross income</b>	<b>1,058</b>	<b>1,092</b>	<b>2,121</b>	<b>2,060</b>	<b>4,252</b>
Selling expenses	-507	-588	-1,048	-1,151	-2,344
Administrative expenses	-271	-273	-558	-561	-1,030
Other operating income	6	35	12	42	61
Other operating expenses	-4	-5	-10	-7	-14
Share of earnings in associated companies	0	1	0	1	0
Items affecting comparability	-	-40	-	-40	-40
<b>EBIT</b>	<b>281</b>	<b>222</b>	<b>517</b>	<b>344</b>	<b>885</b>
Net interest	33	40	66	83	162
Other financial items	-320	-126	-510	-230	-486
<b>Income before tax</b>	<b>-6</b>	<b>136</b>	<b>73</b>	<b>196</b>	<b>561</b>
Tax	-105	-79	-216	-114	-397
<b>Total net income for the period</b>	<b>-111</b>	<b>57</b>	<b>-142</b>	<b>82</b>	<b>164</b>
<b>Net income for the period attributable to:</b>					
Equity holders of the parent	-111	57	-142	82	164
Non-controlling interest	-	-	-	-	-
<b>Net income for the period</b>	<b>-111</b>	<b>57</b>	<b>-142</b>	<b>82</b>	<b>164</b>
<b>Total</b>					
Basic earnings per share, SEK	-0.92	0.47	-1.17	0.67	1.33
Diluted earnings per share, SEK	-0.91	0.47	-1.17	0.66	1.32
<b>Number of shares</b>					
Shares outstanding at the end of the period	120,799,775	124,785,133	120,799,775	124,785,133	121,681,404
Basic average number of shares outstanding	121,296,605	122,194,949	121,489,004	122,390,669	123,189,366
Diluted average number of shares outstanding	121,493,176	122,563,917	121,748,995	122,768,884	123,710,735

## Consolidated statement of comprehensive income

(SEKm)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
<b>Net income</b>					
<b>Other comprehensive income</b>	<b>-111</b>	<b>57</b>	<b>-142</b>	<b>82</b>	<b>164</b>
<i>Items that are or may be reclassified to profit or loss net of tax:</i>					
Currency translation differences	-22	754	490	790	-270
<b>Total comprehensive income</b>	<b>-133</b>	<b>811</b>	<b>348</b>	<b>872</b>	<b>-107</b>
Total comprehensive income attributable to					
Equity holders of the parent	-133	811	348	872	-107
Non-controlling interest	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-133</b>	<b>811</b>	<b>348</b>	<b>872</b>	<b>-107</b>

**Condensed consolidated balance sheet**

(SEKm)	Jun 30 2024	Jun 30 2023	Dec 31 2023
<b>Non-current assets</b>			
Goodwill	10,243	10,855	10,418
Other intangible assets	1,991	2,424	2,440
<b>Total intangible assets</b>	<b>12,234</b>	<b>13,278</b>	<b>12,859</b>
<b>Total tangible assets</b>	<b>31</b>	<b>52</b>	<b>39</b>
Right of use assets	163	63	172
Shares and participations in associated and other companies	1,331	440	399
Other financial receivables	97	323	289
<b>Total non-current financial assets</b>	<b>1,428</b>	<b>763</b>	<b>687</b>
<b>Total non-current assets</b>	<b>13,856</b>	<b>14,156</b>	<b>13,758</b>
<b>Current assets</b>			
Other receivables	725	788	787
Cash and cash equivalents	3,144	3,871	2,956
<b>Total current assets</b>	<b>3,869</b>	<b>4,660</b>	<b>3,743</b>
<b>Total assets</b>	<b>17,725</b>	<b>18,816</b>	<b>17,500</b>
<b>Equity</b>			
Shareholders' equity	13,992	14,922	13,714
<b>Total equity</b>	<b>13,992</b>	<b>14,922</b>	<b>13,714</b>
<b>Non-current liabilities</b>			
Lease liabilities	128	29	138
<b>Total non-current interest-bearing liabilities</b>	<b>128</b>	<b>29</b>	<b>138</b>
Provisions	541	608	610
Contingent consideration	534	1,546	1,007
Other non-interest-bearing liabilities	188	0	166
<b>Total non-current non-interest-bearing liabilities</b>	<b>1,263</b>	<b>2,155</b>	<b>1,784</b>
<b>Total non-current liabilities</b>	<b>1,391</b>	<b>2,183</b>	<b>1,921</b>
<b>Current liabilities</b>			
Contingent consideration	887	365	432
Lease liabilities	36	36	36
Other interest-bearing liabilities	529	426	534
Other non-interest-bearing liabilities	891	885	863
<b>Total current liabilities</b>	<b>2,342</b>	<b>1,711</b>	<b>1,865</b>
<b>Total liabilities</b>	<b>3,733</b>	<b>3,894</b>	<b>3,786</b>
<b>Total shareholders' equity and liabilities</b>	<b>17,725</b>	<b>18,816</b>	<b>17,500</b>

## Condensed consolidated statement of cash flows

(SEKm)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Income before tax	-6	57	74	117	561
Adjustment for items not included in cash flow	475	306	728	632	1,153
Taxes paid	-135	-103	-213	-181	-431
Changes in working capital	39	0	78	-46	-25
<b>Cash flow from operations</b>	<b>374</b>	<b>260</b>	<b>667</b>	<b>522</b>	<b>1,258</b>
Investments/divestments in deposits	114	-118	114	-118	-118
Acquisition / sale of subsidiaries, associates and other investments	-8	20	-28	-142	-601
Earnout payments	-521	-365	-521	-828	-1,421
Investments in other non-current assets	-22	-65	-47	-127	-212
<b>Cash flow from investing activities</b>	<b>-438</b>	<b>-528</b>	<b>-482</b>	<b>-1,215</b>	<b>-2,353</b>
Repurchase of shares	-98	-60	-98	-246	-499
Other cash flow from/used in financing activities	-10	3	-19	-6	-38
<b>Cash flow from financing activities</b>	<b>-108</b>	<b>-57</b>	<b>-118</b>	<b>-252</b>	<b>-536</b>
<b>Total net change in cash and cash equivalents</b>	<b>-172</b>	<b>-324</b>	<b>67</b>	<b>-945</b>	<b>-1,630</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,332</b>	<b>4,019</b>	<b>2,956</b>	<b>4,733</b>	<b>4,733</b>
Translation differences in cash and cash equivalents	-16	178	121	83	-147
<b>Cash and cash equivalents at end of the period</b>	<b>3,144</b>	<b>3,871</b>	<b>3,144</b>	<b>3,871</b>	<b>2,956</b>

## Condensed consolidated statement of changes in equity

(SEKm)	Jun 30 2024	Jun 30 2023	Dec 31 2023
<b>Opening balance</b>	<b>13,714</b>	<b>13,934</b>	<b>13,934</b>
Net income for the period	-142	82	164
Other comprehensive income for the period	490	790	-270
<b>Total comprehensive income for the period</b>	<b>348</b>	<b>872</b>	<b>-107</b>
Effect of employee share programs	28	15	37
New share issue	-	347	347
Repurchase of shares	-98	-246	-499
Change in non-controlling interests	-	-	-
Redemption of shares	-	-	-
<b>Closing balance</b>	<b>13,992</b>	<b>14,922</b>	<b>13,714</b>

### Parent company condensed income statement

(SEKm)	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Net sales	15	15	29	30	61
<b>Gross income</b>	<b>15</b>	<b>15</b>	<b>29</b>	<b>30</b>	<b>61</b>
Administrative expenses	-56	-54	-106	-97	-198
<b>Operating income</b>	<b>-41</b>	<b>-39</b>	<b>-76</b>	<b>-66</b>	<b>-137</b>
Net interest and other financial items	2	84	92	33	-128
<b>Income before tax and appropriations</b>	<b>-39</b>	<b>45</b>	<b>15</b>	<b>-34</b>	<b>-264</b>
Appropriations	-	-	-	-	127
Tax	0	0	0	0	0
<b>Net income for the period</b>	<b>-39</b>	<b>45</b>	<b>15</b>	<b>-34</b>	<b>-137</b>

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

### Parent company condensed balance sheet

(SEKm)	Jun 30 2024	Jun 30 2023	Dec 31 2023
<b>Non-current assets</b>			
Machinery and equipment	1	1	1
Right of use assets	4	1	3
Shares and participations	13,821	22,463	13,821
<b>Total non-current assets</b>	<b>13,826</b>	<b>22,465</b>	<b>13,825</b>
<b>Current assets</b>			
Current receivables	16	47	163
Cash and cash equivalents	1,674	2,686	1,599
<b>Total current assets</b>	<b>1,690</b>	<b>2,733</b>	<b>1,762</b>
<b>Total assets</b>	<b>15,516</b>	<b>25,197</b>	<b>15,588</b>
<b>Shareholders' equity</b>			
Restricted equity	658	691	658
Non-restricted equity	14,794	15,151	14,850
<b>Total equity</b>	<b>15,452</b>	<b>15,842</b>	<b>15,508</b>
<b>Untaxed reserves</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Non-current liabilities</b>			
Provisions	9	10	12
Liabilities to financial institutions	-	-	-
Lease liabilities	2	-	3
<b>Total non-current liabilities</b>	<b>11</b>	<b>10</b>	<b>16</b>
<b>Current liabilities</b>			
Lease liabilities	1	1	1
Other interest-bearing liabilities	-	9,294	-
Non-interest-bearing liabilities	41	41	53
<b>Total current liabilities</b>	<b>43</b>	<b>9,336</b>	<b>55</b>
<b>Total shareholders' equity and liabilities</b>	<b>15,516</b>	<b>25,197</b>	<b>15,588</b>

## 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)	Jun 30 2024				Dec 31 2023			
	Carrying value	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>								
Shares and participations in other companies	1,330	-	-	1,330	397	-	-	397
<b>Financial liabilities measured at fair value</b>								
Contingent consideration	1,421	-	-	1,421	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)	Jun 30 2024		Dec 31 2023
	Opening balance 1 January	397	408
Reported gains and losses in net income for the period		16	-23
Acquisition <sup>1</sup>		898	17
Translation differences		-1	-33
Loan converted to shares		19	27
<b>Closing balance</b>		<b>1,330</b>	<b>397</b>

<sup>1</sup> 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)	Jun 30 2024		Dec 31 2023		
	Opening balance 1 January	1,439	1,439	2,703	
Exercised payments, cash-based		-521	-521	-1,421	
Exercised payments, share-based		-	-	-347	
Revaluation		346	346	326	
Interest expense		87	87	212	
Translation differences		69	69	-33	
<b>Closing balance</b>		<b>1,421</b>		<b>1,439</b>	
(SEKm)	2024	2025	2026	2027+	Total
<b>Cash consideration</b>	-	887	534	-	<b>1,421</b>
Share consideration	-	-	-	-	-
<b>Total contingent consideration</b>	-	<b>887</b>	<b>534</b>	-	<b>1,421</b>

## Divestment

Kongregate was deconsolidated from early Q1 this year 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:

	Q1 (SEKm)	2024
Assets		993
Cash and cash equivalents		15
<b>Total assets</b>		<b>1,008</b>
Liabilities and provisions		119
<b>Total liabilities and provisions</b>		<b>119</b>
Purchase price		889
Non-cash settlement through shares <sup>1</sup>		889
Cash and cash equivalents in Kongregate		-15
<b>Impact on cash and cash equivalents</b>		<b>-15</b>

<sup>1</sup> 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.

	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
<b>EBIT</b>	<b>281</b>	<b>222</b>	<b>517</b>	<b>344</b>	<b>885</b>
Amortization	129	123	261	240	517
Depreciation	9	0	18	6	36
<b>EBITDA</b>	<b>420</b>	<b>345</b>	<b>797</b>	<b>590</b>	<b>1,439</b>
Items affecting comparability	-	40	-	40	40
Impairment own capitalized costs	-	-	-	-	-
Non-recurring bonus structures	6	8	20	21	33
M&A transaction costs	1	4	5	9	36
<b>Adjusted EBITDA</b>	<b>426</b>	<b>397</b>	<b>822</b>	<b>660</b>	<b>1,548</b>

## 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)	Q2 2024	Q2 2023	Q2 2024	Q2 2023	FY 2023
<b>Group</b>					
Organic growth	-7%	-2%	-2%	-6%	-2%
Acquisition/divestments	6%	0%	6%	0%	2%
Changes in FX rates	0%	7%	0%	7%	5%
Reported growth	-1%	6%	4%	1%	5%

## **Events after the end of the period**

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 earnouts 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

## Financial calendar

Item	Date
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 10.00 CET today, on 18 July 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](http://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 July 18, 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.