



MTG acquires Plarium, developer of global #1 mobile RPG RAID: Shadow Legends and strengthens mobile gaming position

Modern Times Group MTG AB (publ) (“MTG”) has today signed an agreement with Aristocrat Leisure Limited (“Aristocrat”) to acquire 100% of Plarium Global Ltd (“Plarium”), the international studio behind the popular squad battler RPG RAID: Shadow Legends, a highly successful evergreen cross-platform IP. The acquisition provides scale with multiple avenues to deliver synergies and adds a highly creative studio with a history of commercial success with strong momentum in 2024 to MTG’s portfolio. It will also substantially improve MTG’s already strong cash flow generation.

Transaction Highlights

- Purchase price consideration of USD 620 million, of which USD 20 million deferred to 2026
- Consideration to be offset by the cash flow that will be generated between the start of Q4 2024 and until closing, which is expected in Q1 2025, resulting in an estimated final EV/adjusted EBITDA multiple¹ below 4.5x
- Performance-based earn-out structure of USD 30 million based on RAID: Shadow Legends revenues for 2025, which MTG will book on the balance sheet
- Second potential stretch earn-out target of up to USD 170 million based on Plarium 2028 revenues which will not be booked on the balance sheet
- Plarium synergizes strongly with MTG and the deal results in one of the strongest mid-core mobile gaming portfolios in the industry to power future organic growth
- Plarium generated USD 613 million in revenues and USD 137 million in adjusted EBITDA and USD 110 million in free cash flow² for the LTM period ended 30 September 2024
- The combined group will have total annual sales in excess of SEK 12 billion and adjusted EBITDA in excess of SEK 3 billion³, nearly doubling MTG’s EBITDA and free cash flow and the acquisition is expected to be strongly EPS accretive
- MTG will benefit from Plarium’s tech and deep expertise in live-ops, marketing and monetization to drive commercial synergies and further improve the group’s performance over the long term
- The transaction will be financed with cash on hand, along with fully secured and committed financing totaling USD 460 million, comprising a mix of term loans with a 3+1 year tenor and RCF facilities provided by DNB Bank ASA, Sweden Branch; Nordea Bank Abp, filial i Sverige and Swedbank AB (publ)

¹ Enterprise value on a cash and debt free basis

² Plarium revenues, adjusted EBITDA and cash flow calculated using MTG’s methodology

³ MTG’s calculation. Defined as EBITDA – Capex

- **The transaction represents an indicative net debt/combined EBITDA multiple of 1.9x when including financial debt, earnouts and leasing, and an indicative net financial leverage multiple of 1.1x net debt/combined MTG EBITDA for the rolling LTM to Q3 2024**

Deal rationale

The transformative acquisition of Plarium enables MTG to significantly increase its relevant scale and accelerate its strategic execution, creating a best-in-class platform to power future organic growth. The deal establishes the combined group as one of the world's leading operators of highly profitable and cash generative mid-core games with strong and well-known titles and strengthens MTG's already highly successful casual games portfolio through the addition of Merge Gardens. This elevates and diversifies MTG's already deep and extensive portfolio with a unique set of global evergreen IPs.

The acquisition is closely aligned with MTG's growth strategy and selective approach to M&A. Plarium will enable the group to accelerate its organic evolution through even stronger live-ops capabilities and expands the group's new game pipeline. Plarium's proprietary tools and technology platform will further enhance MTG's commercial capabilities and operating model.

Plarium financial highlights

Plarium generated revenues of USD 613 million for the 12-month period ending 30 September 2024 (using MTG's definition), representing a 1.2% year over year growth. Flagship title RAID: Shadow Legends grew by 2.3% year over year for the same period.

The company generated USD 137 million in adjusted EBITDA (using MTG's definition), with an operating margin of 22%. The company's healthy profitability is coupled with strong free cash flow generation. Plarium delivered over USD 110 million in free cash flow (using MTG's definition) for the LTM period ended 30 September 2024.

Synergies

The addition of Plarium to the group's portfolio is expected to generate future opportunities for incremental growth through a variety of operational synergies. Onboarding key MTG games to Plarium's two key commercial platforms, Plarium Play and GoGame, will help accelerate the growth of these titles. MTG expects to be able to benefit from Plarium's experience, which will strengthen its already well-developed marketing capabilities and enable it to accelerate organic growth through Plarium's strong live-ops. MTG also expects to be able to contribute key technologies and expertise to Plarium in areas like browser play, the optimization of casual games and expansion of games to additional 3rd party platforms.

MTG intends to hold a Capital Markets Day in the first half of 2025 to present the impact of this acquisition on its strategy and future ambitions. The group also expects to provide new long-term financial goals at this time. MTG will confirm details of the event after the closing

of the transaction.

MTG's Group President and CEO Maria Redin comments:

"I am proud and excited to welcome Plarium to MTG in this transformative deal, which elevates MTG into a leading European gaming group. In Plarium, we have found a great partner to evolve and accelerate together. They bring an exciting and highly successful portfolio of live games spearheaded by RAID: Shadow Legends, an exceptional evergreen mid-core IP, to our line-up. The studio also has three additional strong live games, and an exciting new games pipeline in both the mid-core and the casual segments, which creates healthy optionality for future growth."

"Plarium also has best-in-class tools for user acquisition and monetization. These tools will complement our own Flow Platform and boost the performance of some of our existing live titles. Plarium is led by a strong, experienced and dedicated team that fits very well into our entrepreneurial and driven culture and I look forward to welcoming them to the group."

MTG's EVP of Gaming, Arnd Benninghoff comments:

"One of the things that makes MTG unique is our ability to evolve. After divesting ESL Gaming for over SEK eight billion in 2022, we returned nearly SEK four billion to our shareholders and have been focused on continuing to find the right studios to join our group. We reinvested part of the proceeds into buying Snowprint, which has more than delivered on our expectations. The acquisition of Plarium enables us to significantly accelerate our ambition to build a strong ecosystem that can support gaming companies, setting the stage for future growth. All of this will be supported and enabled by strong and consistent cash flows. Our ambition has always been to build for the long term. We are delighted to welcome Plarium into our Gaming Village, where their world-leading evergreen games can continue to shine. To put it simply – we are huge fans and we can't wait to continue building our future together".

About Plarium and its games

Plarium was founded in 2009 in Israel and was acquired by Aristocrat in 2017. The studio currently has approximately 1,300 employees and is headquartered in Israel, with teams in Poland, Ukraine, Finland and the rest of the world. The studio is led by CEO Schraga Mor together with a senior management team of 12 members.

The studio's most successful title is the genre-leading **RAID: Shadow Legends**. The game was launched in 2019 and is the highest grossing turn-based role-playing game on the Google and Apple app stores. The RPG genre has approximately 10% market share of the total in-app purchase market in North America and Europe. The genre has a market size of USD 3.7 billion in Europe and North America based on IAP revenues in Q3 2024. RAID: Shadow Legends is available on a cross-platform basis and Plarium has recently started collaborating with Chinese developer NetEase to launch the game in China and in key Asian markets in the future.

The studio's other major titles include the strategy and city-building game Vikings, PVP battler Mech Arena and the casual title Merge Gardens. Together with RAID: Shadow Legends, these four titles generate around 90% of the company's revenues. Plarium is also working on several new games to drive future organic growth.

Plarium has built up a global footprint for its games and has a resilient business built on popular evergreen IP's. The studio has also developed and successfully deployed two key performance acceleration tools that fit well with MTG's own systems and strategy:

- **PlariumPlay** - an advanced direct-to-consumer platform that enables Plarium to monetize its games on PC and outside of the major mobile app stores
- **GoGame** – a proprietary cutting edge User Acquisition (UA) and marketing platform that is fully integrated into Plarium's IT infrastructure

Both solutions are ready to be expanded to benefit our wider portfolio, to help MTG accelerate the performance of its existing games going in the future.

Indicative combined financial performance and KPIs, LTM. To 30 September 2024 (estimated)

MTG has adjusted the financial KPIs for Plarium found below to be comparable to MTG's reported numbers for the same period. The information should be seen as indicative and the final consolidated numbers used by MTG after the closing of the transaction may differ from the ones found below. The numbers below are reported according to IFRS (International Financial Reporting Standards) but are not audited. The KPIs have been provided by Aristocrat for the purposes of this announcement.

MTG's indicative combined revenues exceed SEK 12 billion, with a combined indicative adjusted EBITDA of over SEK 3 billion. The combination of the companies would also result in doubled indicative cash flow when excluding interest income and working capital swings. The transaction will deliver significant value for shareholders and is expected to be strongly accretive on a FCF per share and EPS basis.

(SEK million) All data for LTM 30 September 2024	MTG	Plarium ⁴	Combined (indicative)
Revenue	5,893	6,469	12,362
Adjusted EBITDA	1,651	1,471	3,121
EBITDA	1,575	1,466	3,042
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Free cash flow⁵	914	1,162	2,076
Cash conversion	55%	79%	67%
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Daily active users (million)	6.0	1.9	7.9
ARPDAU (SEK)	2.66	9.50	-

Transaction consideration and financing

The transaction comprises an up-front payment of USD 620 million, of which USD 20 million is deferred payment to 2026, netted against cash flow that will be generated between the start of Q4 and the closing of the transaction.

In addition, there are potential performance-based earn-out payments, of which MTG currently expects to book approximately USD 30 million on its balance sheet. The earnouts are divided into two separate elements:

- **Earnout 1** amounts to USD 30 million and will be paid out in 2026, if RAID: Shadow Legends delivers on specific revenue targets for 2025 set during the transaction
- **Earnout 2** – Potential of up to USD 170 million, payable in 2029, based on 2028 revenue targets. The starting point for any earnout 2 to become payable is 2028 full year revenue of USD 777 million, up to the maximum payout in case the 2028 revenue exceeds USD 1,185 million

The transaction will be financed by a combination of MTG's current cash on hand and fully secured and committed financing totalling USD 460 million, comprising a mix of term loans with a 3+1 year tenor and RCF facilities provided by DNB Bank ASA, Sweden Branch; Nordea Bank Abp, filial i Sverige and Swedbank AB (publ). This represents an indicative net financial leverage of 1.9x net debt/combined EBITDA including financial debt, earnouts and leasing, and an indicative financial leverage multiple of 1.1x (net debt/combined EBITDA) for the rolling 12-month period ended 30 September 2024.

Transaction closing

The transaction is subject to customary closing conditions, including the requirement to obtain necessary regulatory approvals. The closing is currently anticipated in Q1 2025 and MTG will consolidate Plarium in its accounts from the time of closing.

⁴ Currency calculations have been done using average currency exchange rates for the rolling 12-month period ending 30 September 2024

⁵ Free cash flow excluding interest income and working capital

Invitation to conference call

A conference call with the opportunity for dial in participants to ask questions will be held today, Tuesday, November 12, at 14.00 CET, hosted by MTG's Group President and CEO Maria Redin, and EVP of Gaming Arnd Benninghoff.

To register for the livestream of the presentation, please use:

<https://ir.financialhearings.com/mtg-investor-presentation-2024/register>

To join the live presentation via phone, please use:

<https://conference.financialhearings.com/teleconference/?id=5002976>

Advisors

EY Corporate Finance have acted as financial advisors and Baker Botts have acted as legal advisors to MTG in this transaction. Gernand & Danielsson Advokatbyrå have acted as financing legal advisors. EY have advised MTG on financial and commercial due diligence and KPMG on tax due diligence. Morgan Stanley & Co. International PLC have acted as financial advisors to the Board of Directors. Aream & Co have also supported MTG on the transaction.

For more information:

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This disclosure contains information that MTG is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, at 23.15 on 12 November 2024.

About MTG

MTG (Modern Times Group MTG AB (publ)) (www.mtg.com) is an international 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. You can find our HQ in Sweden, but we have an international culture and a global footprint. Our shares are listed on Nasdaq Stockholm under the tickers MTGA and MTGB.