

Modern Times Group MTG AB – UK Tax Strategy

This tax strategy has been prepared in accordance with requirements detailed at paragraph 19(2) Schedule 19 of the 2016 Finance Act. This statement is applicable to the tax strategy of MTG's subsidiaries in the United Kingdom (MTG UK) for the financial year ending 31 December 2017.

About MTG

MTG is a leading international digital entertainment group and we are shaping the future of entertainment by connecting consumers with the content that they love in as many ways as possible. Our brands span TV, radio and next generation entertainment experiences in esports, digital video networks and online gaming. Headquartered in Sweden, our shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB'). MTG's TV channels and radio stations are funded by subscription and advertising revenues, and made available on its own platforms, online and on third party networks. MTG operates channels and platforms across the Nordic region, as well as scale broadcasting operations in Bulgaria. MTG packages and offers the best TV series, movies, live sports and kids content to its viewers and subscribers. The majority of this programming content is acquired. MTG also owns nice entertainment group, which is a leading content creator, producer and distributor. In addition, MTG is the world's number one esports company (through Turtle Entertainment and DreamHack), Europe's and Scandinavia's largest multi-channel network (through Zoomin.TV and Splay), a global TV channel operator (through TRACE TV), and an online gaming publisher (through InnoGames and Kongregate), as well as a shareholder in the digital sports producer Engage Sports Media.

Our tax strategy, summarised below, is founded on our core corporate values as defined globally by MTG. These include a commitment to conducting our business in full compliance with all applicable laws and regulations, and to achieving high standards of corporate and social responsibility.

Our approach to tax planning

MTG's tax guidelines refer to the need for all tax planning measures to be in compliance with local laws and international agreements, and to align with the Group's strategic and commercial objectives. Our tax strategy and tax planning opportunities are evaluated within clear risk parameters and reflect the Group's existing internal governance and compliance policies. We are categorised by HM Revenue and Customs (HMRC) as a low risk business. We are committed to continuing to maintain our low risk status by being transparent with HMRC and by not engaging in tax planning that is not within the spirit of UK tax legislation and HMRC guidance.

We have a low tolerance towards tax risk and ensure that there is a clear commercial purpose behind everything that we do. Any activities undertaken outside of the ordinary course of business, such as internal reorganisations or other similar transactions, require approval by the Head of Group Tax as well as the Group CFO, with controls in place to escalate tax matters to the Group Board of Directors where necessary. External advice from tax specialists is obtained on an ongoing basis in relation to all taxes to ensure MTG in the UK is compliant with UK tax legislation and aware of the latest developments and best practice. We consult with HMRC where appropriate to obtain certainty of treatment and to mitigate tax risk.

Relationship with HMRC

The management of tax risk is an integral element of MTG's tax guidelines, and the guidelines have been developed with the objective of mitigating risk across the group. We seek to be open and

transparent in all dealings with the UK tax authorities, and wherever possible to have open dialogue with our HMRC Customer Compliance Manager.

The Group's tax guidelines dictate how Group companies should approach their relationship with tax authorities. MTG values its open and collaborative relationship with tax authorities globally (including HMRC), and the Group's tax guidelines emphasise that all entities should submit tax returns and supply information required by local authorities in a timely manner and maintain good professional relationships with local authorities.

Approach to risk management and governance

In the UK, tax is managed by the local finance teams who oversee tax risk management and deal with day-to-day tax issues. Escalation mechanisms are in place to ensure that the Head of Group Tax has visibility of any significant tax risks at group or entity level. The team will seek professional advice on tax matters where needed to support the knowledge of the local team. Effective business partnering with our external tax specialists also plays a key role in the early identification of tax risk.

It is the responsibility of the respective CFOs to implement and monitor adherence to the tax guidelines. The Head of Group Tax is regularly in contact with the UK CFO and finance team, and is therefore able to identify any deviations from the Group's tax guidelines.

MTG is within the UK's Senior Accounting Officer (SAO) regime. The UK Group CFO is responsible for ensuring MTG UK has appropriate controls and processes in place to mitigate risks in tax accounting. MTG UK undertakes an annual review of these controls with its external advisors to assess the effectiveness of these controls and to identify any tax risks that may be present.

We report on a quarterly basis to our parent company, and hold regular risk management meetings where we monitor our controls to ensure their effectiveness and update where necessary in order to ensure that tax risk is monitored appropriately. We also undergo internal assurance exercises to ensure that the general policies, procedures and controls that support our approach are in place, maintained and are followed, in order to ensure appropriate levels of governance.