



Modern Times Group MTG AB – UK Tax Strategy

This tax strategy has been approved by the respective Boards of Nordic Entertainment Group UK Limited and Turtle Entertainment UK Limited and is applicable to those companies and any of their subsidiary entities. It is published in accordance with paragraphs 19(2) and 22(2) of Schedule 19 of the Finance Act 2016.

This publication relates to the year ended 31 December 2018.

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 operations comprise four segments:

Nordic Entertainment is an integrated broadcasting and online media house. The segment combines in established positions in pay-TV with challenger positions in free-TV and leading positions in video-on-demand. MTG also has leading positions in the Norwegian and Swedish radio markets. The segment combines the most complete content offering in the Nordic market with a world-class sports offering.

International Entertainment comprises MTG's businesses in Bulgaria and Trace (sold May 2018). MTG's businesses in Bulgaria forms an integrated broadcasting and online media house.

MTG Studios is one of the world's leading creators, producers and distributors of content rights, scripted content, commercials, events and branded content.

MTGx comprises the Group's global digital businesses, comprising esports, online gaming and digital video content. MTG is the world's leading esports company (through ESL and DreamHack) and operates national and international tournaments. Within Online gaming, InnoGames runs a portfolio of six successful games and Kongregate is a cross-platform games publisher for independent developers. Digital video content is created by Zoomin.TV.

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 tax 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.