



2021 ANNUAL AND CORPORATE RESPONSIBILITY REPORT

MTG

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The Statutory Annual Report is available on pages 18–115 and 123–133. MTG's Statutory Sustainability Report covers pages 18–41 and 123–133. MTG also prepares sustainability reporting in accordance with GRI Standards, the scope of which is defined on page 137.

MTG OVERVIEW

GRI 102-1-6

 MTG (Modern Times Group MTG AB) is a strategic acquirer and operator of companies in gaming and esports. Founded in Sweden and headquartered in Stockholm, our shares (MTG A and MTG B) are listed on Nasdaq Stockholm.

NOTE TO READERS

After the end of the year, on January 24, 2022, MTG announced that it had signed an agreement to divest ESL Gaming to Savvy Gaming Group (SGG). The information in this Annual Report reflects the group's structure and activities in 2021.

GAMING SEGMENT

During 2021, our gaming segment consisted of InnoGames, Kongregate, Hutch Games, Ninja Kiwi and the most recent addition to the gaming group, PlaySimple. All five companies engage with global online communities and the primary revenue streams of MTG's gaming segment are in-game purchases and in-game advertising.

Our gaming subsidiaries develop and publish multi-platform free-to-play games like Forge of Empires, Animation Throwdown, Top Drives, Word Wars and Bloons TD6. The games are constantly evolving through live ops and new content creation.

Following the acquisition of Ninja Kiwi, the studio released Bloons Pop and Bloons TD Battles 2. PlaySimple soft launched their new title Destination Solitaire and are planning a release of Word Search in 2022.

InnoGames launched two new games in 2021: Rise of Cultures and Sunrise Village. Their title Lost Survivors had a soft-launch in the US and European markets in the spring of 2021.

During the year, Kongregate unveiled Kongregate.io, the next generation of Kongregate.com, that later launched in open beta and incorporates non-fungible tokens (NFTs) powered by Forte's blockchain payment system.

Hutch Games rebranded its F1® Manager title to F1® Clash with multiple new gameplay improvements as well as new official drivers and teams. Hutch also continued to see success within its hit game Top Drives, with its best-ever month in daily revenues in September 2021.

Thanks to the expansion of our gaming segment in 2021, following the acquisition of Ninja Kiwi and PlaySimple, we have strengthened our capabilities and skills in key areas like user acquisition, live ops and business intelligence. Our gaming companies are beginning to share knowledge, collaborate on projects and explore synergies that will help them accelerate growth and speed up their evolution.

ESPORTS SEGMENT

Our esports segment in 2021 was led by ESL Gaming under our brands ESL, the world's largest esports company, and DreamHack, the premier gaming lifestyle festival company. Primary revenue streams comprise sponsorship deals, media rights sales, publisher revenues, event tickets and branded merchandise.

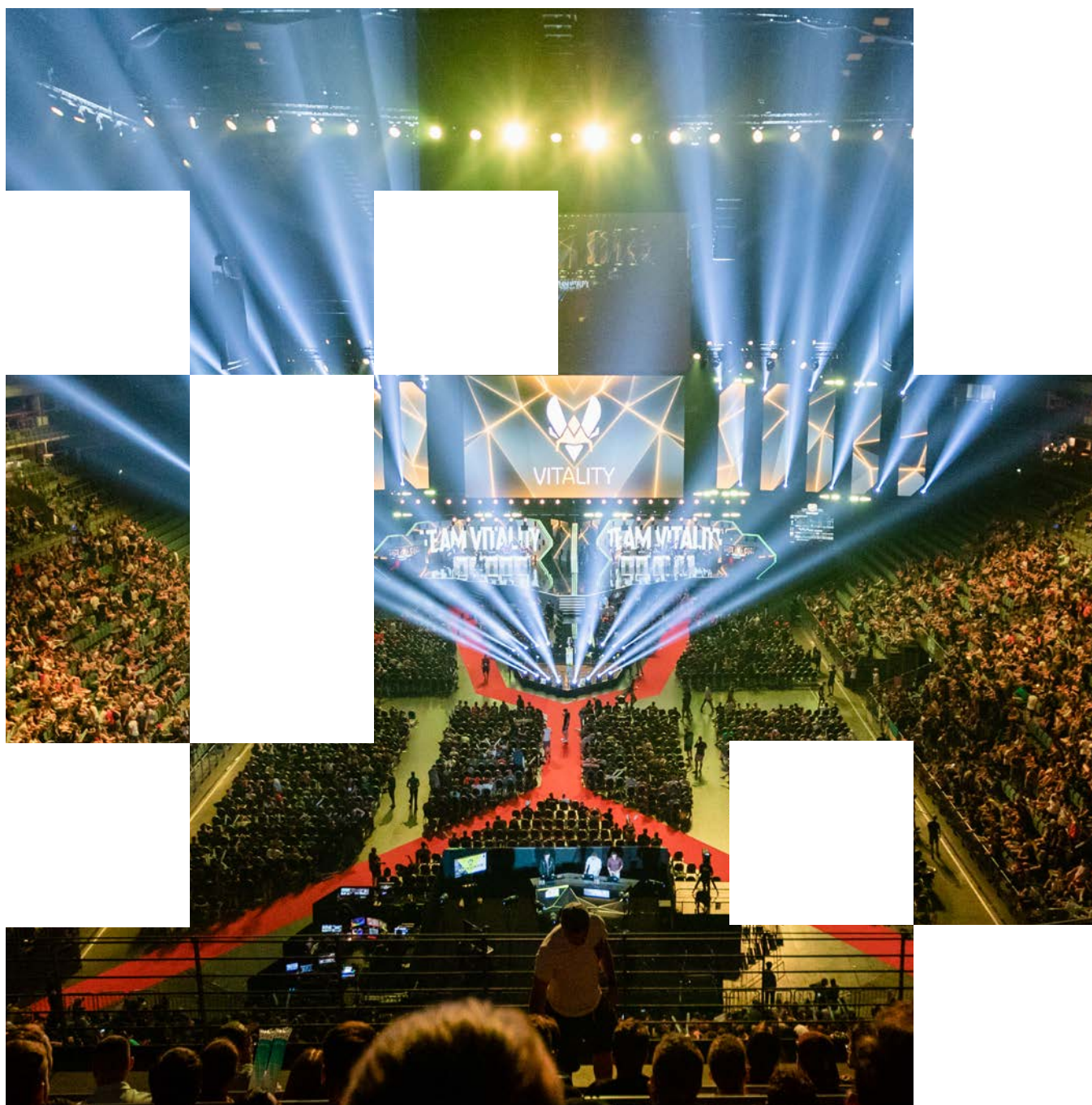
The two brands have a track record of developing leading category brands such as Intel Extreme Masters (IEM), ESL One and DreamHack Masters. During a normal pre-pandemic operational business year, ESL and DreamHack produce and deliver over 15 live-audience events that gather millions of fans in stadiums across five continents. The pandemic and the restrictions prohibiting both international travel and the hosting of events with large audiences significantly limited opportunities to deliver such events in 2021.

During 2021, ESL continued to run both digital and in-studio events that succeeded in delivering high levels of fan engagement. The company maintained an elevated level of strategic investment during the business year to capitalize on the rapidly emerging trends in mobile esports and casual esports. It also invested in its capabilities to produce and digitally broadcast esports content in order to adapt to not being able to host live-audience events.

ESL Gaming will continue to drive innovation to serve fans and communities across a wide range of events, platforms, formats and game titles. ESL's goal is to maximize value for gamers, brands and publishers worldwide.

At the end of the year, DreamHack reintroduced live-audience events while ESL brought back in-studio esports tournaments with teams.

DreamHack Sports Games develops, produces and distributes esports leagues in close cooperation with some of the leading traditional international sports leagues. In 2021, DreamHack Sports Games signed a deal with the National Hockey League (NHL®) to produce online and live esports tournaments under the NHL Gaming World Championship™ umbrella. Additionally, a deal was signed with the International Olympic Committee (IOC) for the Tokyo Virtual Series.



33.8

MAU – Monthly Active Users of
our games (millions)

5,306

Group sales, SEKm

908

Group adjusted EBITDA, SEKm

6.5

DAU – Daily active users
within our games (million)

3,931

Gaming sales, SEKm

1,203

Gaming adjusted EBITDA, SEKm

KEY EVENTS

■ ESL partnered with Blizzard to operate its Hearthstone® esports ecosystem

January 22 MTG's ESL Gaming entered into a two-year partnership with Blizzard Entertainment to operate the Blizzard-owned esports ecosystem for the Hearthstone® game title. The partnership will impact some of the largest Hearthstone® tournaments like the Grandmasters and the Hearthstone Masters Tours and will entail a total prize pool of 3,000,000 USD per calendar year.

■ MTG Rights Issue was oversubscribed and concluded

February 12 MTG concluded its Rights Issue. A maximum of 28,320,697 class B shares were offered in the Rights Issue at a subscription price of SEK 90 per share. The Rights Issue provided MTG with proceeds of SEK 2,526 million. Investors' interest was high, and the Rights Issue was oversubscribed by 101.8 percent.

■ MTG announced the acquisition of Ninja Kiwi, the maker of Bloons

March 24 MTG entered into an agreement to acquire New Zealand-based leading tower defense mobile games developer and publisher Ninja Kiwi. The up-front consideration amounted to approximately SEK 1,217 million (NZD 203 million) and performance based earn-out payments at an expected value of SEK 406 million (NZD 68 million) in aggregate, including cash and share components.

■ DreamHack announced new agreement with Epic on Fortnite collaboration

April 26 DreamHack announced the continuation of the popular DreamHack Open Featuring Fortnite tournament series in 2021. The Fortnite Initiative had a prize pool of more than USD 900,000 in 2021.

■ ESL Gaming announced renewal of sponsorship agreement with Intel

April 28 MTG's ESL Gaming announced the renewal of its long-standing partnership with Intel® in the biggest deal in esports history to date. The renewal will see the brands invest over USD 100 million in esports over three years up to and including IEM Katowice 2025, and marks 20 years of collaboration between ESL and Intel®.

■ DHL extended successful partnership with ESL Gaming

May 14 DHL and MTG's ESL Gaming announced a multiyear extension of their successful partnership. Through the extension, DHL continues its extensive involvement in esports. Building on an established footprint and successful activation campaigns around the ESL One tournament series in previous years, the new agreement will expand to include the full ESL CS:GO Pro Tour, all of ESL's global Dota 2 properties, and ESL Mobile, an all-new mobile esports ecosystem.

■ MTG held its Annual General Meeting

May 18 The AGM resolved in accordance with all proposals by the Board and the Nomination Committee, re-electing Chris Carvalho, Simon Duffy, Gerhard Florin, Dawn Hudson, Marjorie Lao and Natalie Tydeman as members of the Board and electing Simon Leung as new member of the Board. The AGM also elected Simon Duffy as the new Chairman of the Board.

■ MTG announced the acquisition of leading word games developer PlaySimple

July 2 MTG announced the acquisition of 100 percent of PlaySimple, a rapidly growing, highly profitable business and one of the global leaders in the attractive mobile word games genre based in Bangalore, India, for an up-front consideration amounting to approximately SEK 3,090 million (on a cash and debt-free basis) and performance-based earn-out payments amounting to an expected value of SEK 1,287 million in aggregate.

■ MTG held an Extraordinary General Meeting

July 28 MTG held an Extraordinary General Meeting which resolved on, among other things, a directed issue of class C shares, transfer of class B shares to the sellers of PlaySimple Games Private Limited as well as transfer of class B shares through an accelerated book-building procedure.

■ MTG announced changes to its Executive Leadership Team

August 24 MTG announced changes to its executive management with CFO Lars Torstensson deciding to step down from his position as CFO at his own request due to personal and family reasons but remaining with the company as EVP Communications & IR and continuing to serve on the Executive Management Team.

■ Ninja Kiwi's Bloons TD 6 featured on Steam Store front page

September 6-10 Ninja Kiwi's Bloons TD 6 shared the front-page position on Steam's popular PC gaming store during the US Labor Day week. The feature attracted another 260,000 paying players to the game.

■ Hutch breaks daily revenue record

September 16 MTG announced that Hutch's four-year-old hit game Top Drives went from strength to strength in September 2021 with its best ever month in daily revenue. This performance spike coincided with the release of the Japanese Pro Tour and the Summer Games collection series events in consecutive weeks.

■ Psyonix selects ESL Gaming as Championship series partner

December 7 MTG's ESL Gaming announced that they will become esports partners to the Rocket League Championship Series in a multi-year agreement with Rocket League developer, Psyonix.

■ MTG divests ESL Gaming to Savvy Gaming Group (SGG) for USD 1,050 million

January 24, 2022 MTG announced the sale of ESL Gaming, the world's largest independent esports company, to Savvy Gaming Group (SGG) in an all-cash transaction valuing ESL Gaming at an enterprise value of USD 1,050 million. MTG owns 91.46 percent of ESL Gaming, which corresponds to USD 960 million of the total enterprise value and represents a total return on investment of 2.5 times. Savvy Gaming Group (SGG) is simultaneously acquiring FACEIT and will merge the two companies to create the leading global platform for competitive gaming – ESL FACEIT Group.

LETTER FROM THE CEO

✦ Maria Redin, group President & Chief Executive Officer of MTG, reflects on a 2021 full of unexpected challenges and unprecedented opportunity.

2021 has been a year of intense transformation at MTG. We continued to be a driving force in the global esports and mobile gaming industries. We significantly expanded our presence in mobile gaming through the milestone acquisitions of Ninja Kiwi and PlaySimple, which enabled us to move into 2022 with a well diversified portfolio of internationally successful games. We also conducted a full strategic review of our esports segment, which culminated in MTG divesting ESL Gaming to Savvy Gaming Group (SGG) in January 2022.

We have continued to refine and execute on our strategy to bring value to our shareholders and help our gaming studios accelerate growth and also made a number of key senior appointments to the team. As a result, we finished 2021 in a stronger position than ever before and have a clear vision and strategy to grow going forward.

GAMING: A DIVERSE AND THRIVING SEGMENT

At the end of 2020, we announced the establishment of GamingCo, a new, jointly owned company for MTG's gaming investments. Our vision for 2021 was to solidify our position as an active consolidator on the mobile gaming market through a clear and well executed "Buy & Build" strategy. I'm very pleased to report that we have successfully delivered on our ambitions in this area during 2021.

During 2021, we acquired two new, highly successful and well positioned mobile

gaming studios – Ninja Kiwi and PlaySimple. The two deals have enabled us to diversify and reinforce our gaming portfolio by adding two talented and fast-moving teams to our global roster. Ninja Kiwi is a popular New Zealand-based game developer. They are pioneers of the hugely successful tower defence genre, thanks to the evergreen Bloons IP. PlaySimple is one of the fastest-growing studios specializing in mobile word games, a constantly evolving genre that players all over the world love.

Thanks to the ongoing expansion and diversification of our gaming portfolio, we are entering 2022 with stronger-than-ever capabilities and skills in key growth areas like User Acquisition, Business Intelligence and live ops. The people who make up our gaming segment bring an immense wealth of experience to the table, and it's exciting to see our companies beginning to work together to share expertise and best practice to help each other accelerate. We will take this collaboration further to find and drive synergies in 2022 and I'm very excited about the opportunities this will bring us.

A stronger, more diverse group provides a foundation for tackling new and varied challenges like Apple's IDFA updates and ensures that our portfolio companies are well positioned for success. The past year has also proven that we have made the right bets. Our gaming segment delivered higher pro forma growth than the overall industry, when including the newly acquired Hutch, Ninja Kiwi and PlaySimple.

GRI 102-14
GRI 102-15



“We conducted a full strategic review of our esports segment, which culminated in the divestment of ESL Gaming in January 2022.”

**MARIA REDIN
GROUP PRESIDENT & CEO**

I am excited by the prospects of 2022. Thanks to the divestment of ESL Gaming in January 2022, we began the year as a pure-play gaming company. Our studios have ambitious plans for the year that include new game launches as well as the continued evolution and scaling of already successful IPs. The group also stands ready for ongoing expansion, supported by a clear vision, proven strategy and a solid balance sheet. We will continue the pursuit of our Buy & Build strategy in gaming. We want to be an active driving force behind the ongoing consolidation of the mobile gaming industry, and we have the team and the resources in place to succeed.

ESPORTS: FLEXIBILITY, RESILIENCE AND NEW HORIZONS

The pandemic has continued to have a big impact on our esports business and key stakeholders including brand sponsors and publishers. Despite this, global interest in esports continued to grow. In 2021, we successfully expanded our largest brand partnerships with Intel and DHL and continued to build on our leading position in esports in anticipation of a more normalized 2022.

We delivered a number of successful digital-only events during 2021. This included several ESL Masters series as well as a tie-in event with the Tokyo Olympics 2020 Summer Olympics and IEM Katowice 2021. The past year also provided ESL Gaming with many learning opportunities and we took key steps to accelerate our digitalization and improve operational efficiency. These efficiencies will benefit all the companies in our esports segment going forward.

The main milestone for our esports activities was reached after the end of the year, when we announced that MTG had signed an agreement to sell ESL Gaming to Savvy Gaming Group (SGG) on January 24, 2022. During the time MTG has owned ESL group, we have continuously explored organic and inorganic opportunities to grow the business. We were extremely excited and proud when MTG enabled the merger between ESL Gaming and FACEIT into the ESL FACEIT group as a result of the divestment.

We have worked closely with the leadership team at ESL through the year to

ensure that they are in the perfect position to pursue further growth and continue to successfully engage gamers, fans and developers. The transaction is expected to be completed during the second quarter of 2022.

LOOKING AHEAD TO 2022

2022 will be another year of fundamental transformation for our group. Our vision remains consistent, but we need to ensure that we optimize our strategy to drive continued growth as an international mobile gaming group that is focused on sustainable and responsible business growth. We recently made several key appointments to support critical practice areas like M&A and Strategy, Corporate Responsibility and Communication. We are also welcoming InnoGames' CMO Christian Pern and Kongregate's CEO and CFO Markus Lipp into wider group roles and we look forward to leveraging their exceptional insights and experience across the vertical.

Entering 2022, our gaming operations are stronger than ever. The divestment of ESL group is expected to close during the second quarter of 2022 and will enable us to both return money to our shareholders and strengthen our balance sheet for further growth and strategic M&As. We will also continue to invest time and effort in our internal networks to make sure that our studios can learn from and inspire one another. We are focused on our culture and on building a group that can retain, empower and grow talented people. The divestment of ESL has demonstrated one of our key strengths – our ability to successfully work with passionate and talented founders to help them grow their businesses over the long term. We will continue to do so with the founders and teams that make up our gaming studios.

We have a clear ambition – to be a driving force in the global mobile gaming business. Our culture and history set us apart from our competition, making MTG an attractive home for entrepreneurs who want to grow their business and nurture their talent. Our ambition is to continue to play to our strengths and to be an obvious destination for entrepreneurs and gamers alike. We will do this in a way that combines speed, agility and passion for progress with an approach and culture that embraces the responsibility we have to

our communities and stakeholders. To do this, we are making sure to combine our ongoing work to refine our business strategy with a deeper focus on corporate responsibility issues.

Or let me put it more simply; we will build and offer games that we are proud of and that we can tell our kids about. And we will build and nurture a team that loves to win and has a great time together. And will continue to show the world that a small international team headquartered in Stockholm can accomplish big things in the international arena together with entrepreneurs and game makers from all over the world.

I look forward to 2022.

MARIA REDIN
GROUP PRESIDENT & CEO, MTG

“We have a clear ambition to be a driving force in the global mobile gaming business and to make MTG into an attractive home for entrepreneurs who want to grow their business and nurture their talent.”



MTG – THE HOME AND ESPORTS



MTG'S VISION

IS TO BECOME THE HOME OF GAMING AND ESPORTS ENTERTAINMENT.



MTG'S MISSION

IS TO GROW THE GAMING AND ESPORTS ECOSYSTEMS AND BENEFIT THE COMMUNITIES THROUGH RELEVANT PRODUCTS AND STORYTELLING WITH CRAFTMANSHIP, INNOVATION AND SUSTAINABILITY AT ITS CENTER.



MTG'S STRATEGY

IS TO DRIVE PROFITABILITY AND ORGANIC GROWTH IN GROUP VERTICAL COMPANIES AND INVEST IN HIGH-POTENTIAL GAMING AND ESPORTS BUSINESSES THAT COMPLEMENT MTG'S BRANDS AND PRODUCTS.

OF GAMING ENTERTAINMENT

“We are making sure to combine our ongoing work to refine our business strategy with a deeper focus on corporate responsibility. Or let me put it more simply; we will build and offer games that we are proud of and that we can tell our kids about.”

**MARIA REDIN
GROUP PRESIDENT AND CEO**



OUR STRATEGY

A STRATEGIC BUYER AND OPERATOR IN GAMING AND ESPORTS

MTG's strategy provides us with flexibility and agility in a rapidly evolving entertainment landscape. MTG seeks to drive profitable and organic growth in its business verticals and invest in high potential gaming and esports businesses. We call it our Buy & Build strategy.

BUY

Besides growing organically, MTG's strategy is to pursue acquisitions and investment in established and successful companies, as well as young, high-potential businesses and the talented entrepreneurs behind them. Such investments are evaluated based on how well they would complement MTG's existing business portfolio and their alignment with MTG's culture and values. By nurturing innovative ideas and the passionate and entrepreneurial teams behind them, MTG strengthens the gaming and esports sector and scales new and innovative solutions for the benefit of the entire ecosystem – including players, fans, sponsors and publishers.

Activities during the year

- Acquisition of New Zealand-based Ninja Kiwi, a leading tower defense mobile games developer and publisher.
- Acquisition of India-based PlaySimple, a fast-growing leading word games developer.

BUILD

MTG's gaming and esports segments span the entire gaming customer journey – from watching and interacting to learning and sharing. With original IPs, competitive gaming platforms and international large scale live-audience events, MTG's owned and operated brands are leaders within their respective categories.

Our gaming segment consists of German-based strategy games developer Inno-

games, US-based CCG expert Kongregate, UK-based mobile racing pioneer Hutch, New Zealand-based tower defense gaming studio Ninja Kiwi and India-based word games developer PlaySimple. The studios develop and publish multi-platform free-to-play and premium games like Forge of Empires, Animation Throwdown, Top Drives, Bloons TD 6 and Word Wars. These games attract scale audiences and constantly evolve through diligent live ops and new content creation. All five companies engage with global online communities. The games primary revenue streams are in-game purchases and in-game advertisement. Thanks to one of the most recent additions to the group, Ninja Kiwi, MTG has also ventured into the premium games category. In 2021, MTG began the process to establish several centers of excellence within the gaming segment to share best practice and encourage cross-company collaboration.

Our esports segment is led by ESL Gaming and includes our brands ESL and DreamHack. The segment develops existing as well as new IPs to capitalize on the rapid growth of pro and casual competitive gaming as well as gaming as a lifestyle. Original content includes national and international leagues, tournaments and festivals in multiple languages. Under normal non-pandemic circumstances, these events are attended by hundreds of thousands of fans around the globe. They are also followed by millions of online esports fans via various media distribution platforms such as the American streaming platform Twitch and its Chinese counterparts Huya and Douyu, as well as linear broadcasting and OTT TV streaming of the content through media partners like Brazilian media giant Globo-Omelete.

During the year, MTG conducted a thorough strategic review of its esports segment. The group was early in identifying the significant potential of esports and has

continuously explored organic and inorganic opportunities to grow the business during the time it has owned ESL Group. The group's work subsequently led to the creation of the first esports unicorn, through the divestment of ESL Gaming to Savvy Gaming Group (SGG) in January 2022.

Due to the effects of the pandemic during 2021, MTG's esports segment continued to run primarily digital events rather than live-audience events. A few live-audience and hybrid events were, however, held in the second half of the year.

VALUES-DRIVEN ENTERTAINMENT

We are a values-driven company made up of motivated and competent professionals from diverse backgrounds and a shared company culture.

DRIVERS OF FUTURE RETURNS

Our vision, mission and strategy are intended to accommodate the nature of global gamers, esports fans and communities. In this context, MTG's seven long-term initiatives for driving performance in its existing assets and growth are:

- 1 Increase user retention, engagement, monetization and the longevity of games with a best-in-class games-as-a-service offering.
- 2 Develop and acquire new games within innovative genres with attractive themes, features and monetization features.
- 3 Diversify the total gaming pool by launching new games across multiple genres.
- 4 Grow revenue and users through marketing investments that drive user lifetime value.
5. Leverage the group's platforms to cross-promote titles and share knowledge across the companies.
- 6 Organically grow esports as mainstream entertainment through increased distribution and new game genres.
- 7 Scale the esports business through strategic partnerships.

“MTG strengthens the gaming and esports sectors and scales new and innovative solutions for the benefit of the entire ecosystem by nurturing innovative ideas and the passionate and entrepreneurial teams behind them.”





BUSINESS OPERATIONS

GRI 102-4
GRI 102-6
GRI 102-7
GRI 102-9

In 2021, MTG's operations included two business segments/verticals – gaming and esports – as well as its central operations.

GAMING

The gaming segment is made up of InnoGames, Kongregate, Hutch and the two recent additions to the gaming group, Ninja Kiwi and PlaySimple.

German-based InnoGames is a leading developer and publisher of mobile and online games. The company is based in Hamburg and is best known for Forge of Empires, Elvenar and Tribal Wars. InnoGames' complete portfolio comprises seven live games and several mobile titles in production. InnoGames is focused on the free-to-play segment and provides players with a cross-platform experience on browsers and mobile devices. By the end of 2021, their games had generated lifetime revenues of over EUR 1 billion.

Kongregate, which is based in San Francisco, is a mobile game publisher and developer. It is a recognized innovator in breakout genres like collectible card games and idle games. Kongregate's mobile games have been downloaded hundreds of millions of times and have generated billions of game sessions. The company's focus in 2022 will be on NFT games and exploring the potential for fun blockchain-driven player experiences.

Hutch is a leading London-based developer and publisher of free-to-play mobile racing games. The company's top titles are F1® Clash and Top Drives, which are all in the early phases of growth and have significant future growth potential. Additionally, Hutch has a promising pipeline of new titles planned for the coming years.

New Zealand-based Ninja Kiwi was acquired in 2021 and it is a leading tower defense mobile games developer and publisher. Ninja Kiwi's success has been built around a passion for gaming, which in turn has helped to create a strategy gaming subgenre.

The company developed and launched one of the first commercially successful tower defense games in 2007, Bloons TD. The acquisition of Ninja Kiwi also marked MTG's entry into the premium content gaming market, which has the potential to create opportunities throughout the group.

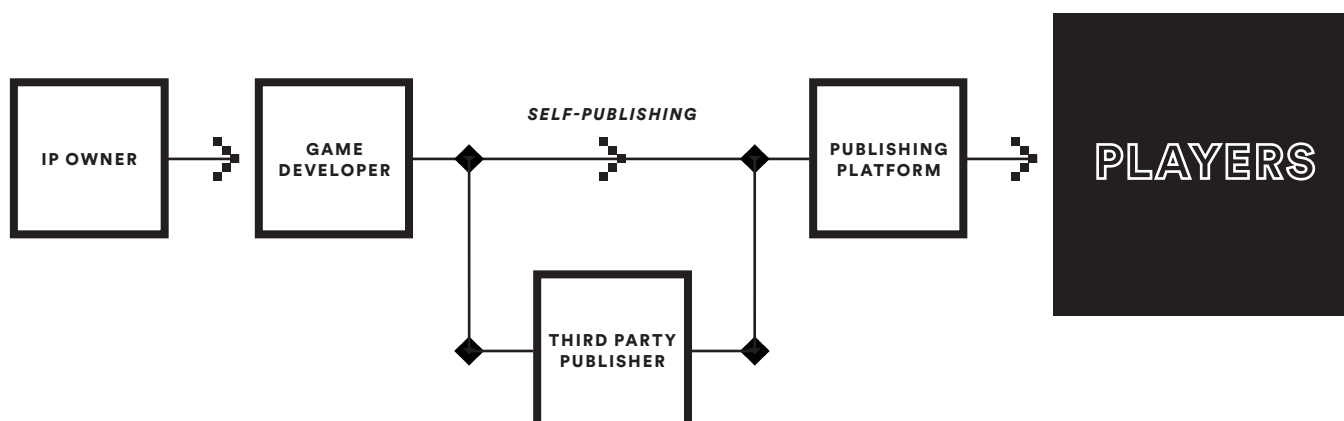
Play Simple was also acquired in 2021 and is a rapidly growing, highly profitable gaming studio. They are one of the global leaders in the attractive mobile word games genre and have strong ad monetization and cross-promotion capabilities. PlaySimple's Anagram games in general, and WordTrip in particular, delivered excellent performance across multiple platforms. A majority of the players who enjoy PlaySimple's games are women.

ESPORTS

The esports segment is led by ESL Gaming under our brands ESL, the world's largest esports company, and DreamHack, the premier gaming lifestyle festival company. Despite being part of the same organization, ESL and DreamHack continue to operate as separate brands.

ESL Gaming operates national and international tournaments as well as grassroots amateur cups, leagues and festivals. ESL and DreamHack are established global brands and the preferred choices for millions of viewers, players, partners and publishers.

Founded in 2000, ESL has shaped the industry with numerous online and offline esports competitions. The company operates high-profile, branded international leagues and tournaments under the ESL Pro Tour including ESL One, Intel® Extreme Masters, ESL Pro League and other premier stadium-size tournaments.



SEGMENTAL PERFORMANCE

The group's sales increased by 33 percent and adjusted EBITDA increased by 70 percent.

DreamHack is an immersive, gaming lifestyle experience with millions of fans tuning in to DreamHack broadcasts each year.

Attendees of Dreamhack's 24-hour festival weekends can enjoy professional esports tournaments, amateur and varsity gaming tournaments, world-famous bring-your-own-computer (BYOC) LAN parties, cosplay championships, screenings, live music and more.

Additionally, MTG operates DreamHack Sports Games, which partners with traditional sports leagues to develop and operate esports leagues.

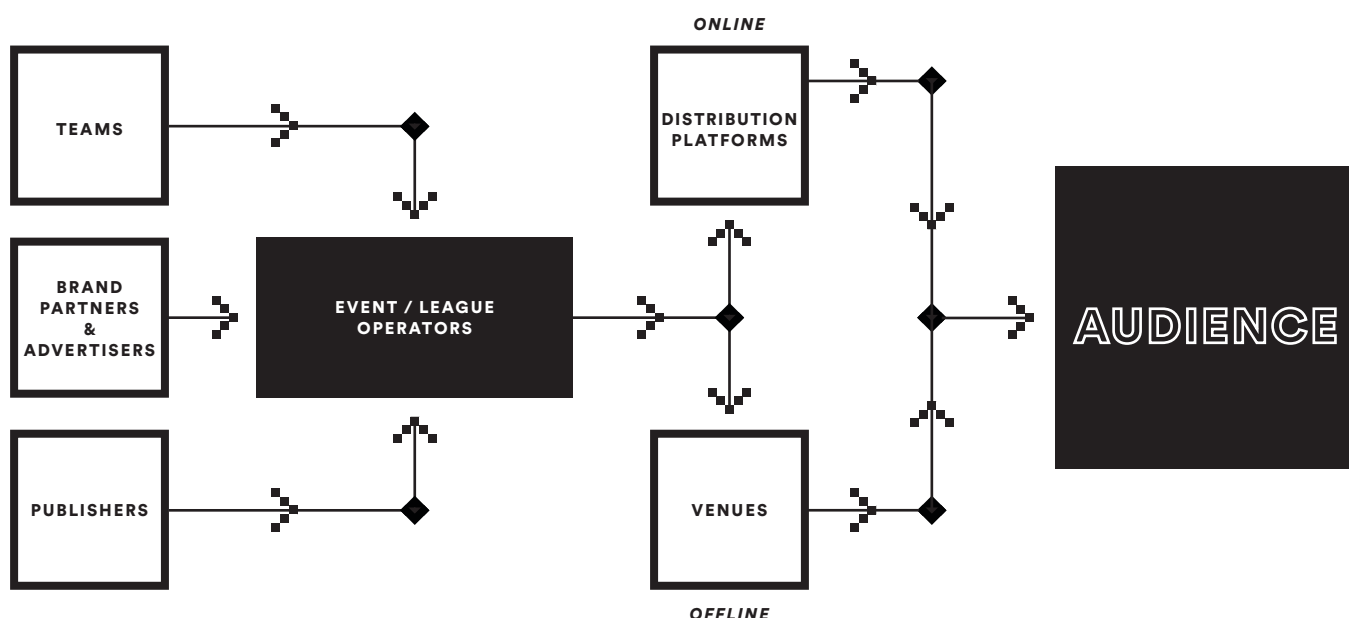
Brand partners and advertisers

MTG sells sponsorship opportunities and advertising space to brand partners and advertisers at online and offline esports events and festivals. There are a variety of purchasing opportunities to promote products at different stages of the value chain (such as commercial breaks, social media marketing and venue activations). We provide both endemic and non-endemic brands with effective exposure channels toward the esports audience.

Other stakeholders

ESL and DreamHack work closely with all stakeholders throughout the value chain. This includes collaborating with game publishers on a license basis to ensure the effective management of their games. Furthermore, we continuously interact with esports organizations, athletes and teams to ensure that they are able to compete at their best level at our tournaments.

(SEK million)	2021	2020
Net sales by segment		
Gaming	3,931	2,682
Esports	1,375	1,315
Central operations and eliminations	0	0
Total net sales	5,306	3,997
Adjusted EBITDA by segment		
Gaming	1,203	800
Esports	-195	-163
Central operations and eliminations	-100	-102
Adjusted EBITDA	908	535
Items affecting comparability	-	-9
Impairment of own capitalized costs	-	-20
Long-term incentive programs	-88	-132
M&A transaction costs	-112	-56
EBITDA	708	319
Adjusted EBITDA margin per segment		
Gaming	31%	30%
Esports	-14%	-12%
Total adjusted EBITDA margin	17%	13%



UNDERSTANDING CORPORATE RESPONSIBILITY

Corporate responsibility is becoming increasingly essential for all businesses. But what does it mean for the gaming and esports sectors and how can MTG create positive impact for society as well as its business?

Within the world of business, it is hard to escape the term 'corporate responsibility' and its growing significance across all industries. But it is a term that is easy to get overwhelmed by, and many of us often lose sight of the day-to-day reality of why it exists and what it aims to achieve. At its core, corporate responsibility means reflecting on, and taking steps to improve, the impact a company has on the environment, society and the economy, as well as understanding how these areas influence company and market performance.

The Ten Principles of the UN Global Compact are central to our understanding of corporate responsibility, covering areas such as labor, human rights, environment and anti-corruption. In the financial sector, the concept of environmental, social and corporate governance (ESG) encapsulates many of these same ambitions. It is essential that corporate responsibility, or ESG, is both qualitative in messaging and shared values, and quantitative in concrete goal setting and progress tracking.

Otherwise, it is just noise, and people are increasingly able to see past it.

THE INVESTMENT INCENTIVE

In today's society, corporate responsibility is already considered an expected arm of company operations. Fans, customers, employees and investors have all voiced the demand for more information and

transparency on the processes involved for corporations to meaningfully invest in ethically oriented activities.

Within the investment space, there has been a dramatic surge in ESG interest. In fact, ESG funds passed USD 1 trillion for the first time in 2021, highlighting the growing practice for investors to reject fossil fuels in favor of more sustainable alternatives. What is more, it is anticipated that half of European fund assets will be within ESG by 2025.

As an area of global interest, making responsible, sustainable choices is no longer just an opportunity for businesses to get ahead, but an essential process in today's regulatory landscape. The European Green Deal, which aims to make Europe the first climate-neutral continent by 2050, has a focus on sustainable investment strategies, with real implications for businesses, including tighter regulations from both an environmental and social perspective.

It is evident that companies able to adapt early to ESG, and that are transparent about their initiatives, will be the ones that come out on top not only from a financial and regulatory perspective, but also in the eyes of consumers. As with most movements in business, it is better to be leading the charge than racing to catch up when it is already too late.



CREATING AN IMPACT IN GAMING AND ESPORTS

Gaming and esports audiences encompass a wealth of young, passionate, socially-minded and highly engaged individuals, making up the perfect demographic for urging real and positive change. The audience has the potential to address environmental and social responsibility with incredible impact. Indeed, companies waking up to the reality of corporate responsibility across the gaming and esports sector have recognized this value and are taking action in the places that matter.

As a sector, however, we need to ensure we are placing structures and outlining processes that ensure corporate responsibility is taken seriously and delivered successfully. In many cases, education remains a vital part of this challenge, undoubtedly because it is easy to shy away from difficult

conversations that involve internal reflection and re-evaluation. However, these transparent conversations where we can own up to our challenges are precisely what we need to drive industry-wide collaboration and pursue meaningful change.

The sector's potential to empower long-lasting and sustainable progress cannot be understated, and the industry's journey toward greater corporate responsibility is inevitable. The question is, which organizations will speak up and build this new future, and which will trail behind and wait for change to be imposed?

OUR FUTURE AT MTG

As the home of gaming and esports, MTG has a powerful platform to reach wide audiences and create a significant impact. We are committed to corporate responsibility and, having set strong foundations,

we are now accelerating our efforts and raising the bar for ourselves and for the people and the planet around us.

It is time for us to step up and really start using the platform that we have at MTG. We are delighted that some fantastic efforts have been made internally within our portfolio companies in 2021, upholding our mission to be a strong, sustainable organization and truly start delivering on our message. We are only just scratching the surface of what is possible at MTG, and we are excited to see what the future holds.

CR STRATEGY AND RISK MANAGEMENT

❏ We believe that responsible entertainment is better entertainment for everyone and corporate responsibility is a key pillar in reaching our vision to offer responsible gaming and esports entertainment.

Our corporate responsibility (CR) strategy reflects our vision of responsible entertainment divided over three focus areas according to Environmental, Social and Governance (ESG): Environmental Care (e.g. climate footprint), Social Impact (e.g. diversity & inclusion) and Governance (e.g. training and policies). The strategy is based on a materiality analysis conducted in 2019 and reflects the MTG structure and organization.

The CR strategy together with our group-wide policies forms the overall framework that all our portfolio companies are intended to work within. However, in line with the company's entrepreneurial approach, each portfolio company then develops specific initiatives that are relevant for their particular situation.

Corporate responsibility goals in 2021

In a first step to further our CR performance and move forward with our efforts, MTG implemented three CR goals for 2021. The goals were based on the current CR strategy and additional input from internal and external stakeholders. Three focus areas were chosen: gender diversity, inclusive workplaces, and responsible content. The goals applied to all portfolio companies.

Our goal within gender diversity was to have at least one female C-suite officer within each segment, gaming and esports,

with a supporting goal of an annual increase of female top and middle managers within all portfolio companies. These goals support our long-term vision of reaching a 40:40:20¹ gender split across all employee categories. MTG recognizes that diversity includes multiple aspects beyond gender, such as nationality, age and languages spoken, among other things. We decided to focus on gender in 2021 following internal discussions and input from external stakeholders.

Our goal for inclusive workplaces was for all portfolio companies to have an internal reporting system and process for reporting

Goal performance 2021

Gender diversity: The gaming segment had two female C-suite officers.

Increase (+1%) of female top and middle managers compared with companies that were part of MTG in 2020 and 2021.

Inclusive workplaces: 100 percent of MTG portfolio companies have a whistleblowing channel.

Responsible content: 100 percent of our gaming companies, with social platforms, have processes to ensure a good online environment.

GRI 102-15
GRI 102-46
GRI 102-47

¹) 40:40:20 refers to a gender balance of 40 percent people who identify as women, 40 percent people who identify as men and 20 percent of any gender.



misconduct, commonly referred to as a whistleblowing service. We believe this is an important pillar in ensuring we have a workplace where employees and other stakeholders that interact with our business operations have the possibility to report misconduct in a safe way.

Our final goal, responsible content, relates to our ambition that all portfolio companies formalize their efforts in ensuring the social platforms (e.g. in-game chat, game forums, Discord, Reddit, etc.) that are provided to players and customers are free from unacceptable behavior.

An updated corporate responsibility strategy in 2022

We began conducting a new materiality analysis in late 2021 to include our recent acquisitions and better reflect our external stakeholder expectations and the shift in regulatory requirements with regard to CR. The first steps of the process were concluded in late 2021, which resulted in an updated risk analysis, benchmarking and identification of the most material topics for MTG.

RISKS AND RISK MANAGEMENT

The risk analysis covered all four areas of sustainability: labor and human rights, environment and anti-corruption across our value chain, and the governance of these risks. The analysis also included industry-specific risks as well as global risks as identified in the Global Risks Report. All risks were then assessed based on their potential impact – financial, legal and reputational, on MTG and the probability that the impact is realized.

Identified risks are managed through combining our CR strategy framework with the local risk management by each portfolio company, particularly where the risks are specific to each company's market and/or way of operating. However, MTG has an overall risk management approach that builds on continuous dialog with the portfolio companies on CR-related risks, sharing best practices within the group on how to mitigate risks as well as ensuring the overall governance framework is implemented within the group.

We believe the main corporate responsibility risks for MTG are:

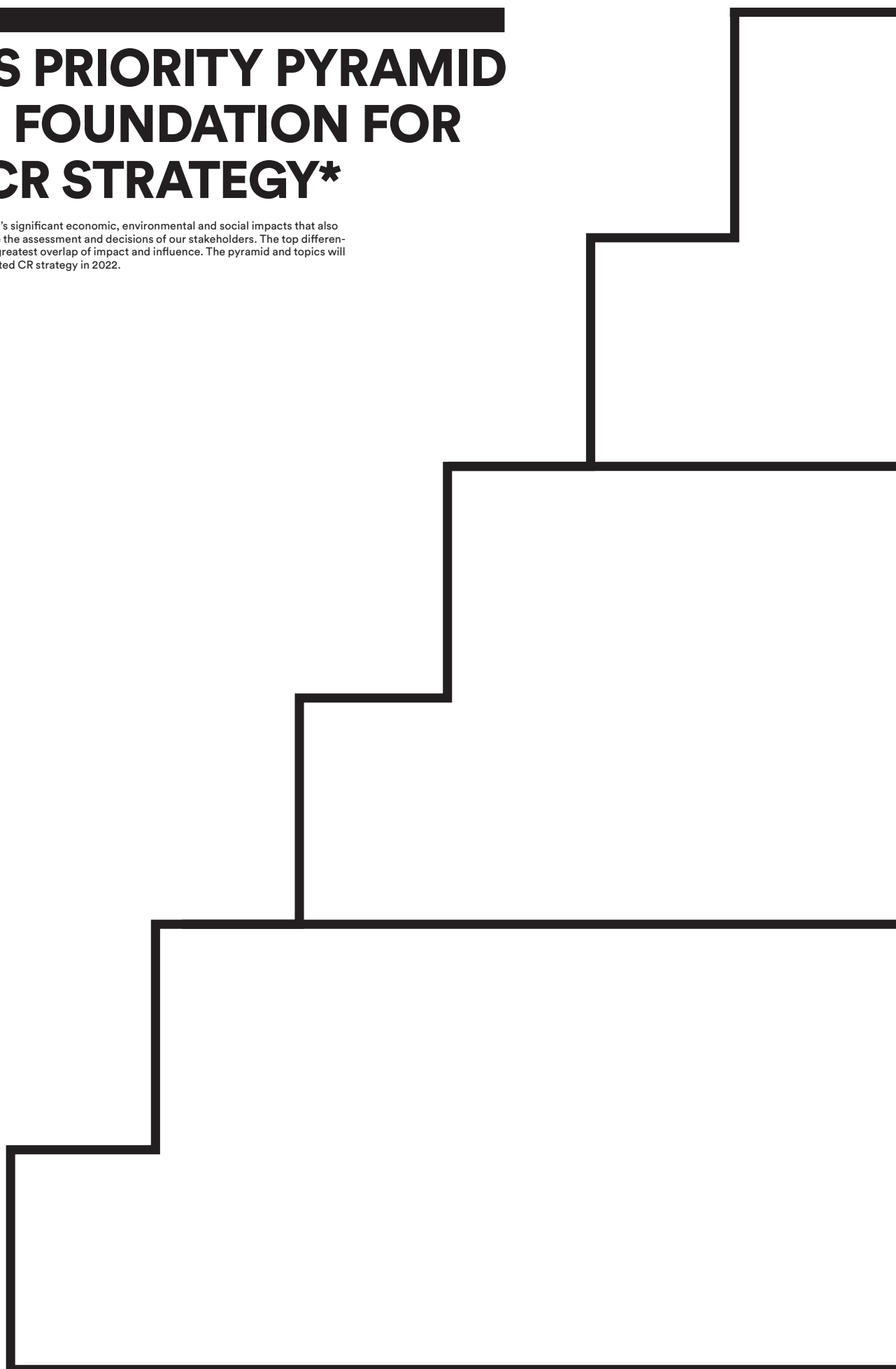
- Unsafe online environment for children
- Occupational health risks for employees, visitors and workers
- Difficulties attracting and retaining skilled labor
- Lack of gender equality and diversity
- Insufficient data and internet safety
- Unethical marketing practices

OUR MATERIAL TOPICS

The materiality assessment conducted in 2019 identified our most material CR topics through questionnaires, surveys and interviews with our main internal and external stakeholders, including our employees at all levels, our board, customers, investors, suppliers and NGOs. The stakeholder analysis was cross-referenced with an impact analysis of MTG's positive and negative impact on the economy, society and environment throughout its entire value chain. The process also considered legal requirements and our ability to have an impact on the identified topics. This resulted in the development of our current priority pyramid, which forms the basis for our CR strategy. The new strategy will be presented in the second quarter 2022 alongside goals and KPIs.

MTG'S PRIORITY PYRAMID – THE FOUNDATION FOR OUR CR STRATEGY*

* The pyramid reflects MTG's significant economic, environmental and social impacts that also substantiate and influence the assessment and decisions of our stakeholders. The top differentiators are those with the greatest overlap of impact and influence. The pyramid and topics will be adjusted with the updated CR strategy in 2022.



UNIQUE

These 2 aspects are our top differentiators where we can create the biggest impact in our industry

- Equality
- Health and well-being

FOCUS

These are our focus aspects, areas that we need to prioritize and continuously work on and improve

- Education and training for employees, children and parents
- Internet safety
- Fair market practices
- Doping, corruption and other forms of cheating

BASE

These are our base aspects, areas that we continuously work on in our daily operations

- Accessibility of events
- Protection of minors
- Community impact
- Diversity and inclusion
- Environmental care
- Safety and security at events



DIVERSITY EQUALITY AND INCLUSION

Our corporate responsibility strategy highlights the need to continue to focus on diversity, equality and inclusion – both internally within our business as well as externally toward our customers and stakeholders.

GRI 103-1-3
GRI 404-3
GRI 405-1

Our ambition, which is also expressed in our Code of Conduct, is to create and promote diversity, equality and inclusion within MTG and our portfolio companies. We believe this is essential for the future success of MTG and for the entire gaming and esports industry.

Our holistic approach to these topics involves providing a welcoming workplace, free from discrimination, bullying, victimization or any kind of harassment, as well as having open and inclusive products that can drive a broader-based engagement in gaming and esports irrespective of gender or other aspects of diversity. We aim to continue to create a more diverse workforce that attracts and retains talent from different backgrounds.

HOW WE ADDRESS**DIVERSITY ACROSS THE GROUP**

MTG acknowledges that an open and inclusive workplace with a diverse workforce where employees are treated equally is more creative, innovative and competitive. However, both gaming and esports are currently male dominated, which is also reflected within MTG with women and non-binary making up 24(24) percent of our workforce and 17(17) percent of our top- and middle management.

We strive to change this by supporting our portfolio companies in creating the right internal structures and workplace environments that attract and retain more female and non-binary employees. We also recognize that collaboration with schools and universities is a way to create an early interest in career opportunities in the gaming and esports industries and we are cooperating with other industry peers to drive change from a corporate level.

All portfolio companies have addressed different parts of diversity and found their own ways to increase and promote diversity and inclusion within their operations:

- In 2021, InnoGames adjusted nearly all their standard templates for contracts and other HR team generated documents to gender-neutral language.
- Ninja Kiwi, through their membership in the organization 'Diversity Works (Equal Employment Trust)', has provided training to employees on diversity and inclusion.
- ESL Gaming has established diversity KPIs with a focus on nationality and gender diversity that is aligned with the strategy developed by their Diversity & Inclusion Council.
- Kongregate formally started a Diversity, Equality, and Inclusion initiative where they meet regularly to set goals and discuss progress. In 2021, they had three educational sessions, open to everyone within the company.
- Hutch's Social Responsibility Committee has, among other things, conducted a Diversity & Inclusion Survey to collect data and information on status with regards to diversity and inclusion, looking ahead, Hutch has planned to offer company-wide training on the topic of unconscious bias.

- DreamHack Sports Games has focused, among other initiatives, on employer branding to ensure that they attract a wide group of potential future employees and thus increase diversity among employees.

Even though diversity and equality are issues in gaming and esports and remain an important focus for MTG, we believe that we have a healthy number of nationalities represented. MTG's employees represent 58(50) different nationalities.

In 2021, InnoGames carried out projects focusing on offering better support and integration of international employees at InnoGames. This included adding more information to the onboarding process or offering additional training in 'Intercultural Leadership' and 'Cultural Awareness: useful insights for working in Germany'. DreamHack Sports Games has also addressed inclusion and made sure that all internal information is provided in English to ensure that all nationalities can understand and be heard in internal discussions.

A WORKPLACE WHERE OUR EMPLOYEES CAN GROW

Ongoing professional and career development are in the interest of both employers and employees. All our portfolio companies provide individual career development reviews for every employee on at least an annual basis, and Ninja Kiwi, for example, conducts two reviews each year. In 2021, 91(95) percent of all our employees received at least one review.

As MTG does not have a centralized HR function, it is up to each company to design the performance review and training program that best reflect their business operations and their employees' needs. At InnoGames career planning is divided into two strands – specialist and management. Depending on the path chosen, employees are offered a variety of development measures, of which is hard and soft skill training. Hutch has a similar setup with core and soft training sessions, for example, management and leadership training, training in courageous conversations and other communication skills.



During the year, ESL Gaming readjusted its current review model and created a strategy for Learning & Development which focuses on building an inclusive culture, developing management skills and upskilling employees. DreamHack Sports Games launched a new Employee Development Dialogue to further their efforts in employee development.

Hutch and InnoGames have both implemented a 360-degree feedback process where employees receive feedback that supports their continued development.

Kongregate has updated its annual performance review to include discussion points on future aspirations for each manager to follow up on in the next review discussion. Coaching sessions for leadership were also implemented at Kongregate in 2021.

Training is an important tool to increase competence and retain and attract employees, and all our portfolio companies provide different kinds of training opportunities. At ESL Gaming, a more holistic strategy has been developed for managers that involves several training modules, such as a recruitment module and a performance management module. At Ninja Kiwi, employees were provided with artist training sessions online and at InnoGames, leadership training is offered to all leadership personnel once a year. In 2021, employees received an average of 25(12) hours of training.

EQUAL AND INCLUSIVE WORKPLACES

We believe that for diversity to increase and for employees to grow, our workplaces must be equal and inclusive. The gaming and esports industries continued to face challenges in 2021 regarding unequal treatment and workplace misconduct. For MTG, it is important that all employees can safely communicate and report breaches of union law and our Code of Conduct. All portfolio companies have internal reporting processes in place. Two whistleblowing cases were reported in 2021. One whistleblower case was, per MTG policy, referred back to the respective portfolio company HR for further management. The case was investigated and resolved by the local HR team. The second case was investigated and resolved by the MTG whistleblowing team.

In addition to an internal reporting process, Ninja Kiwi has, for example, annual team meetings where they discuss subjects such as workplace misconduct, discrimination, and harassment, and ESL Gaming has implemented a policy on reporting misconduct and harassment. As part of the implementation of the new policy, ESL Gaming rolled out a misconduct training. By the end of 2021, 558 employees had completed the training and additional regular sessions are being planned. Kongregate included its anti-discrimination policy and anti-harassment policy in its new process for onboarding new employees to promote a healthy company culture from the start.

At InnoGames, new training courses were provided in late 2020 and early 2021 and

one of the sessions covered the topic of 'managing unconscious bias', which was offered to supervisors to create awareness of potential sources of unfair treatment. The training was offered four times including a session for InnoGames C-level employees.

Equal workplaces, we believe, are promoted by encouraging transparency and a structured approach to salary and remuneration. In 2021, InnoGames promoted internal transparency by making its salary grid analysis for each employee category available to all employees and not only to the HR team and supervisors. This action allows for greater transparency and increased accountability within InnoGames.

ATTRACTING AND RETAINING TALENT

We want to continue to grow as company, not only through our Buy & Build strategy, but also through our portfolio companies attracting and retaining their talent. In 2021, the overall employee turnover rate was 15(22) percent.

During 2021, ESL Gaming developed a training for managers that are part of the recruitment process in how to minimize the risk of bias in the recruitment process. DreamHack Sports Games developed a recruitment guide that describes how to recruit in an open and non-discriminatory way. Kongregate has reviewed its job advertisements to avoid unconscious biases in recruitment by ensuring common masculine-leaning phrases are not included in the advertisement.

With the acknowledgement of low representation of females within the gaming industry, Hutch has strived to adapt their recruitment processes to increase the advertising of their open roles on more diverse job boards and has also attended events that encourage diversity to raise the company profile within local communities.

An additional way to ensure talented employees choose to continue to work for our portfolio companies is to provide knowledge that goes beyond their work roles. For example, information sessions are held within InnoGames' Employee Assistance Program on childcare, focusing on parental queries and challenges regarding childcare.

THE EXTERNAL PERSPECTIVE

We want everyone to enjoy and feel included when playing our games which is why we extend our work on diversity, equality and inclusion to our customers and players.

Our game developers at InnoGames work to increase diversity and inclusion in games by offering a broad range of avatars, including different genders and ethnicities but also avoiding stereotypes. Some games also offer the customization of equipment, cosmetics or gender, which broadens diversity in games.

Ninja Kiwi's Bloons games all use fictional monkey-characters that are asexual, and the heroes are balanced between female, male, and non-binary.

To further advertise and support diversity in the games industry at a larger scale, InnoGames regularly participates in and sponsors conferences that have a focus on attracting minorities to the gaming and software development industry like the Sticks and Stones, Woman Hack, or Women in Tech.





ENSURING HEALTH AND WELL-BEING FOR ALL

➤ We aim to ensure the physical safety and well-being of all our stakeholders – both at our esports festivals and tournaments and in our offices.

GOVERNANCE OF HEALTH AND WELL-BEING ACROSS THE MTG GROUP

As a global business, MTG's Code of Conduct is our overarching governing document that applies to all employees, contractors, freelancers and consultants of the group and the entities in which MTG exercises decisive control. Our Code of Conduct clearly expresses our aim to maintain a safe working environment that promotes physical and psychosocial well-being.

The Code also states that our offices and facilities where we operate shall comply with all applicable health and safety regulations. Each portfolio company has developed its own policies and processes adapted to local law and based on their specific health and safety risks, or implemented the Code of Conduct.

The majority of our portfolio companies have a worker council or similar with responsibility for addressing work-related injury and ill-health topics as well as making suggestions on changes and adjustments to current policies and processes. The frequency of these meetings varies as all our portfolio companies have different structures and needs.

For example, InnoGames communicates regularly via email to all employees on work environment issues and any updates made in policy framework and processes.

EMPLOYEE HEALTH AND WELL-BEING

We believe that our employees are of the utmost importance in delivering on our business strategy and overall performance; their health and well-being are essential to our business. All our portfolio companies have identified their way of ensuring employee health and well-being depending on their working methodology, regional laws and regulations as well as risks.

In 2021, several of our portfolio companies addressed the area of mental well-being through various initiatives. Ninja Kiwi provided mental first aid training through a local medical company to one of their key employees as well as regular first aid training to ensure that the company has the knowledge to handle both mental and physical health.

In 2021, InnoGames continued to offer an Employee Assistance Program from an external provider that was started in 2020. The program offers individual consultations via phone, video chat, email (at least initially) to our employees. The consultation topics range from challenges at work, mental health problems and relationship issues etc. The program is also available to the families of InnoGames employees.

Kongregate implemented a wellness channel on Slack where they provided tips regarding health and well-being as well as a self-evaluation for employees to assess their own risk of burnout. They have also clearly communicated to all employees that

GRI 103-1-3
GRI 403-1-7
GRI 403-9-10

accrued sick time may be used for mental health needs and not only for physical sickness. In 2021, Hutch offered a variety of workshops and training sessions to promote health and well-being, for example, a workshop on how to remain calm under pressure.

Another area that was in focus in 2021 was the physical workplace and more specifically ergonomics, especially with many of our employees still working from home. Both Ninja Kiwi and InnoGames provided employees with various tools and knowledge on how to best work from home as well as how they could increase their well-being. Ninja Kiwi offered Pilates and stretching classes online and InnoGames offered three so-called Health Days in 2021 with different themes.

As the pandemic continued, the majority of our employees continued to work from home and new employee needs were identified. InnoGames conducted an annual pulse check survey to assess risks or problems for employees working at home. This included an assessment of their overall work setup, ongoing communication, cooperation with colleagues and mental health issues. Adjustments at InnoGames were made based on the outcome of the survey.

MTG believes that work-life balance is an important part of employee well-being and promoting staff retention. Both the gaming and the esports industries are known for issues with intense work periods. InnoGames has a clear set of guidelines on project management and planning to reduce the risk of 'crunch time' and ESL Gaming has developed clear overtime guidelines, including overtime compensation and the importance of taking regular breaks.

CONTINUOUS IMPROVEMENT

To ensure continuous improvements within our events and tournaments, we work with due diligence and routines that can be replicated, regardless of the event organizer. Event organizers within ESL Gaming use scouting sheets that include safety and security criteria to verify that a potential venue is suitable for an esports event. They implement good practice from previous events to continuously improve safety and security procedures and follow recommendations from local experts, venue security teams and local law enforcement.

InnoGames conducts an annual employee survey called Great Place to Work to collect information on employee health to obtain employee feedback on statements such as: 'This is a physically safe place to work'; 'This is a psychologically and emotionally healthy place to work' and 'People are encouraged to balance their work life and their personal life'. Through careful monitoring of the results, improvements have been made within InnoGames. Hutch works with 'Well-being Champions' which are employees that help drive initiatives and actions with the purpose of continuously improving the well-being of Hutch employees through a variety of initiatives and actions.

PROMOTING SAFE AND SECURE EVENTS AND TOURNAMENTS

Prior to events, local safety officers at ESL Gaming identify and evaluate potential risks together with the event project manager and ocular risk and hazard assessments are conducted. Verbal safety briefings before an event are used to cover topics such as emergency evacuation, crowd control and individual risks.

At events, metal detectors and bag checks are used to ensure the safety and security of visitors. All visitors and employees wear RFID bracelets and everyone entering the backstage area is checked. Medical teams are on hand to assist with any injuries or health issues. We work to ensure that everyone in the event team can report any identified risk situation and maintain their

right to be removed from situations they do not feel comfortable with.

During events, the event security officer provides daily debriefs to the project manager on the current situation and any identified operational issues. A plan for mitigating new identified risks and issues is developed and carried out together with the project manager for the event.

Due to the ongoing Covid-19 pandemic, ESL Gaming has a dedicated health protocol regarding Covid-19 working restrictions for the studio environment and for the 2021 DreamHack Winter, information how to limit the spread of Covid-19 was provided to visitors on the event website.

MANAGING OUR INDIRECT HEALTH AND SAFETY IMPACTS

We acknowledge our impact on health and safety beyond our direct operations and our Supplier Code of Conduct includes clear supplier requirements to provide employees and workers with safe and healthy work environments. We also operate in accordance with international standards such as the Fundamental Conventions of the International Labour Organization and the UN Universal Declaration of Human Rights.



THE PROTECTION OF MINORS AND RESPONSIBLE GAMING FOR ALL

Everyone – including minors, should be provided with safe, trusted and enjoyable gaming and esports experiences.

AGE CLASSIFICATION OF GAMES AND ESPORTS EVENTS

Games developed by our gaming companies are age classified by the International Age Rating Coalition (IARC) or the age rating systems provided on platforms such as Google Play and the App Store. However, country or region-specific age limits may vary depending on the markets the games are published in.

Ninja Kiwi has chosen to take a conservative approach to age rating with their game Bloons where they have chosen to identify the use of weapons even though only balloons are shot and not characters or other players. Thus, Bloons is rated E (6 and older) with the additional comment 'Cartoon Violence'.

Kongregate has implemented age gates. For example, in more child-appealing games, they require players to enter their age when first loading the game. Players under 13 experience the same game, but without any social features. They also have a separate advertising system for players

under 13 to protect them from ads with adult content (including gambling, dating apps, etc.).

In 2020 and 2021, ESL Gaming shifted esports events and tournaments to a digital format. However, the general age gating at DreamHack festivals that are open to participants on site, is that children under the age of 13 must be accompanied by their parents or legal guardian. To ensure that kids attending a DreamHack event are prepared, basic information is provided on the event homepage for the participant and parents on how to prepare their kids and what to expect at the event.

For our ESL Gaming tournaments, the age rating is according to the age rating of the game played as well as local laws and regulations. Professional gamers participating in the tournaments must be 16 or over to compete.

PROTECTING MINORS' DATA AND INFORMATION

The protection of data and information from

GRI 103-1-3
PROTECTION
OF MINORS

minors playing our games is important to us. Kongregate's Children's Privacy Policy, which applies to children under the age of 13 within the United States (or up to the age of 16 for children in certain European countries), defines and clarifies what information on its users is collected and how parental consent practices can be used. Since 2019, Ninja Kiwi has implemented age gates in their games that do not allow personal information to be entered. Kongregate continued the auditing of their games that are considered to have kid appeal, in accordance with the kidSAFE COPPA Certification Program. kidSAFE is an independent third-party organization that is committed to safeguarding children's personal information collected online.

CHAT FILTERS AND MODERATORS TO REDUCE UNACCEPTABLE BEHAVIOR

We want our games to be safe and free from unacceptable behavior and our gaming companies have different policies, guidelines and tools in place to mitigate and handle unacceptable behavior.

Policies and Guidelines

InnoGames has a set of global rules that clearly prohibit any actions that could endanger the function of the games as well as the well-being of other players. Kongre-

gate has a set of Behavior Guidelines that describes how to behave in its chat rooms and forums. The guidelines are written in a simple and accessible manner, and include sections entitled 'Be nice to one another' and 'Be a team player' to explain how to act on the platform and how to report any unacceptable behavior.

Ninja Kiwi and Kongregate have policies addressing Reddit, Discord and other social forums with moderators reviewing the conversations on these platforms.

Tools

Various tools are applied to ensure that games and chat functions are free from unacceptable behavior.

The most common tool for managing and removing unacceptable behavior in chat rooms and other social forums is the use of moderators. Ninja Kiwi has trained and reviewed moderators based on their ability to warn and ban based on policies and an inclusive 'Ninja Kiwi Spirit'.

InnoGames uses moderators in chats and forums that can warn, block and expel players who breach the global rules or game rules. InnoGames also has a reporting function (Affront Tool) that allows play-




ers to report other players who break global or game rules. Moderators review the reports that are made and can then decide on appropriate action.

Kongregate and Hutch offer game-focused Discord servers. On the servers for Kongregate's games, an employee oversees choosing, training and supervising a team of volunteer moderators to help keep the chats pleasant and to provide consequences (mutes) for people that break Kongregate's guidelines. On Discord servers provided by Hutch, bots are used to auto-moderate spam and swearing and there are also moderators that have received training and support to help them uphold their community rules. Kongregate utilizes an automated chat filter that evaluates words and statements using textual clues and blocks users that breach its guidelines. If a user regularly "misbehaves", they will be classified as untrusted, and their chats are then subject to an even stricter filter. The filter is also used in forums to manage sharing of links and images.

In games developed and provided by Ninja Kiwi, no in-game chats are included and they do not allow underage players to see or participate in chats.

Hutch uses a third-party tool for monitoring and moderating social channels that are provided to players and an escalation process begins in the event of any harmful situations.





“Our vision is to be an obvious destination for entrepreneurs and gamers alike. We will do this in a way that combines speed, agility and our commitment to corporate responsibility.”

MARIA REDIN
GROUP PRESIDENT & CEO, MTG



OUR ENVIRONMENTAL WORK

➤ We aim to act in an environmentally responsible manner and work with partners that support our approach.

As a global actor, we recognize that our business operations have an impact on the environment in general and the climate specifically. The basis for our approach to minimize our negative impact on the environment is expressed in our Code of Conduct and Supplier Code of Conduct. The Codes express the need for our business operations and suppliers to monitor their carbon footprints, map energy consumption and promote waste recycling and reuse of equipment where possible.

We aim to implement the right guidelines and structures internally so that everyone acts in the same way. We believe that we can achieve a more environmentally responsible approach by collaborating with our partners and suppliers and setting out what we expect and want to achieve going forward.

We apply the precautionary principle when assessing the environmental impacts of our operations and we believe that we achieve the best results by letting our portfolio companies set their own strategies and action plans to minimize and handle their impact on the environment. MTG does not have entities that, by local law or regulation, require separate environmental reporting or licensing to operate.

OUR ONGOING JOURNEY TO UNDERSTAND OUR CLIMATE IMPACT

Several initiatives took place within the group in 2021 to map, minimize and monitor our environmental impact and especially our impact on the climate.

We increased the reporting scope for our carbon emissions (CO₂e), in particular in

scope 3 (other indirect emissions), with the addition of data servers and cloud services as they were identified to be one of the industry's largest sources of carbon emissions. We have yet to identify if this is the case for the group, but with the addition of the reporting of these emissions, we aim to further analyze this in 2022 to improve our understanding of our climate impact.

ENVIRONMENTAL PERFORMANCE ACROSS THE GROUP

In 2021, several of our portfolio companies continued to work with their long-term environmental strategies. They also implemented ambitious new initiatives to address their climate impact, energy use, waste and sustainable sourcing during the year.

ADDRESSING CLIMATE IMPACT

ESL Gaming developed a strategy with targets to reduce its climate impact. It also brought in a dedicated person to lead their overall CR strategy, which includes ESL Gaming's environmental and climate impact.

In 2021, both ESL Gaming and InnoGames identified their scope 1, 2 and 3 emissions and compensated for the emissions from their operations. InnoGames remained a climate neutral company in 2021 through energy efficiency work and encouraging employees to travel more sustainably. The use of public transport instead of cars is promoted through a monthly contribution to public transport tickets. ESL Gaming has retroactively compensated for its 2020 emissions through a partnership with the organization Planted.

GRI 102-11
GRI 103-1-3
GRI 302-1
GRI 302-3
GRI 305-4



DreamHack Sports Games decided to have company bikes instead of company cars to minimize its climate impact.

Hutch has been working with an external partner to help them become carbon neutral through identifying and accounting for all their emission sources. They have also committed to going carbon neutral by the end of 2022 as part of their Hutch Eco Pledge.

REDUCING ENERGY USE AND SWITCHING TO GREEN ELECTRICITY

Ninja Kiwi and InnoGames have focused on reducing energy use and switching to more renewable energy sources. Ninja Kiwi is encouraging its employees to use electric

vehicles by providing chargers at its head office. The company also installed solar panels to increase the use of renewable energy.

WASTE REDUCTION

Waste reduction and the selection of more environmentally responsible products continued at InnoGames and Ninja Kiwi. Ninja Kiwi has a process in place to ensure that electronic waste is taken apart in a responsible manner to ensure the safe handling of sensitive components as well as recycling where possible.

SUSTAINABLE SOURCING

Both InnoGames and Ninja Kiwi work to ensure that, when possible, they source materials and products that are environmentally responsible and recyclable. Kongregate's overall approach to sourcing is based on the five 'Rs' of sustainability: Refuse, Reduce, Reuse, Repurpose and Recycle. When sourcing gifts for employees, they have chosen to purchase items that are made from recycled materials, produced using sustainable practices and that benefit social or charitable causes.



GIVING BACK TO SOCIETY

Being a positive force in society is important for MTG and our portfolio companies as our businesses directly and indirectly impact the society in which we operate.

We support a variety of initiatives that aim to benefit society and the environment, and donated over 1,365 KSEK, and products and services worth over 67 KSEK to a variety of organizations and causes during the year. It is up to each company to choose what organizations and initiatives to support and collaborate with. We believe that our portfolio companies know best how to support local communities and organizations.

INNOGAMES PARTICIPATED IN STRONG FOR HAMBURG

Over 50 of InnoGames employees participated in “Strong for Hamburg” for the Evangelische Stiftung Alsterdorf, a foundation that provides services to disadvantaged groups in the community. Together they raised a total of EUR 6,300 for the charity.

DREAMHACK PARTNERED WITH EXTRA LIFE

DreamHack and Extra Life partnered up in April 2021 and presented “Extra Life United by DreamHack”. The virtual gaming tournament was broadcasted on Twitch, where gamers compete in online tournaments to win donations for Children’s Miracle Network Hospitals.

HUTCH SUPPORTS #ONESPECIALDAY

In October, team Hutch completed a combined distance of 307 km for Special Effect’s #OneSpecialDay. Special Effect is a game charity that uses specialist technology to enhance the quality of life of people of all ages who have severe physical challenges, whether as a result of a disability, traumatic injury or debilitating illness.

NINJA KIWI SUPPORTS ITS LOCAL COMMUNITIES

Ninja Kiwi in Auckland chose, among other things, to support their local city mission that provides shelter, food and other necessities for those in need. At the Dundee office, employees volunteered in the “Care & Share Companionship”, an organization that connects volunteers with people who are lonely or elderly and in need of companionship.

GRI 103-1-3
CORPORATE
GIVING

COMPLIANT BUSINESS

➤ We want to create a culture of openness, responsibility and accountability through our continued efforts within corporate governance.

Our aim is to conduct business that is aligned with laws, regulations and international standards, and through our policy framework, we strive to achieve openness, responsibility and accountability.

UPDATED GROUP POLICIES

A review of our group policy framework was conducted in 2021 where our group policies were reviewed, adjusted, and combined to reflect our operating model and ensure a cohesive implementation of the policy framework. Our Corporate Responsibility Policy was combined with our Code of Conduct and an Anti-Discrimination Policy was drafted and approved. We have also developed a general employee handbook for our portfolio companies to use as a tool for implementing our group-wide policies and for informing employees on our policy framework.

GOVERNANCE AND IMPLEMENTATION OF OUR POLICES

MTG's policy framework includes policies that are core policies from a compliance perspective. They also ensure that our core values and corporate culture are embedded throughout our business operations, regardless of where our portfolio companies operate. The framework consists of

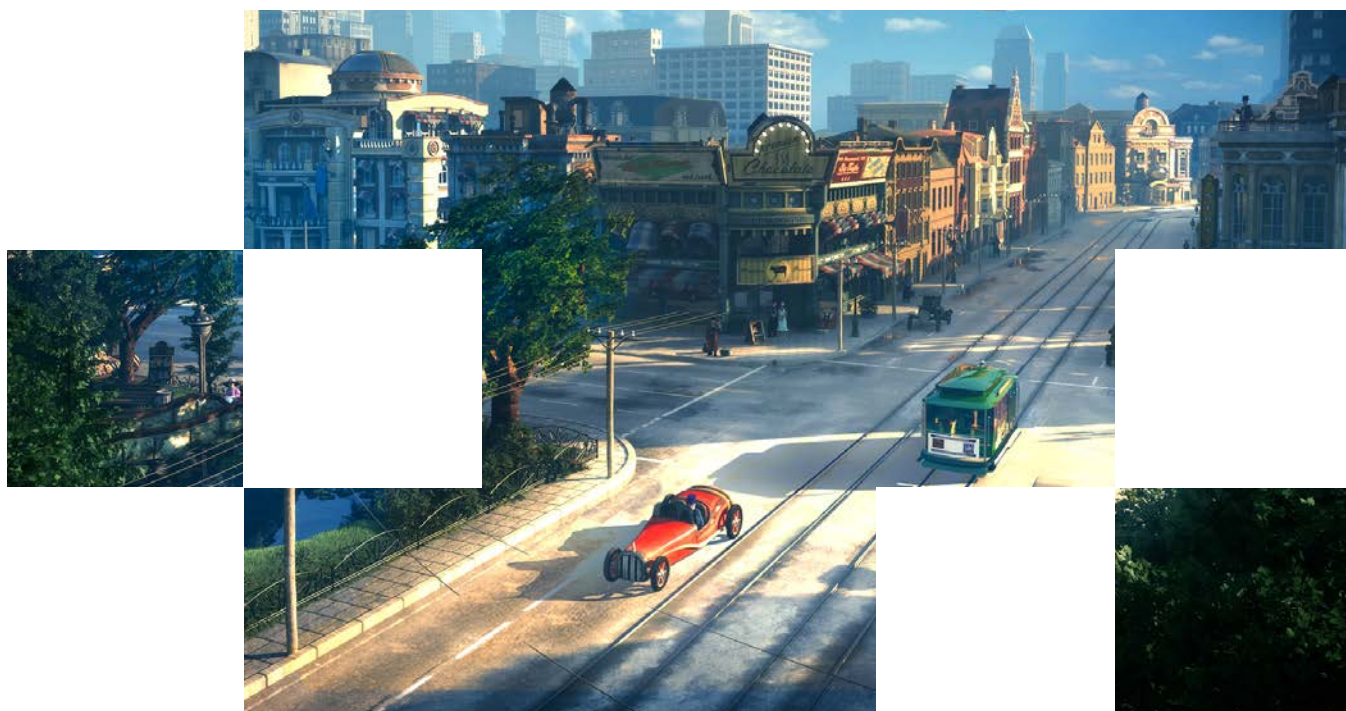
the listed policy documents and are annually reviewed and approved by the Board of Directors:

1. Code of Conduct
2. Anti-Bribery and Corruption Policy
3. Anti-discrimination Policy
4. Asset Protection Policy
5. Competition Policy
6. Data Protection Policy
7. Related Party Transactions Policy
8. Risk Management Policy
9. Sanctions Compliance Policy
10. Supplier Code of Conduct
11. Whistleblower Policy

Companies that are new to the group receive information on the policies, the framework in its entirety and the general employee handbook. During the implementation and adaptation process, MTG's Central Operations assist in building an understanding of the context of the policies. This includes discussing how to best adjust the policies to local law and regulations as well as ensuring the policy framework is implemented within a reasonable time frame following acquisition. For portfolio companies that are already part of the group, MTG informs the companies on any adjustments and updates made in the policy framework through direct dialog.

To ensure policy implementation, different processes are in place depending on the policy subject. For example, we require that all current and new employees sign

GRI-102-16
GRI 102-17
GRI 103-1-3
GRI 205-3



our Code of Conduct and all internal audits are conducted by our Head of Risk & Compliance in accordance with our Risk Management Policy.

CODE OF CONDUCT

Our Code of Conduct ('Code'), which expresses our values and helps us navigate ethical and legal issues, is the governing document of our entire policy framework and a practical guide for how we conduct our business. Individual policies give further detailed information on specific topics highlighted in the Code, for example anti-corruption practices, data privacy and asset protection.

The Code covers all areas of Corporate Responsibility: human and labor rights, environment and anti-corruption. The Code is based on our commitment to international initiatives and standards such as the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the Fundamental Conventions of the International Labor Organization, the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

All MTG group employees, including employees of entities in which MTG exercises decisive control, are expected to abide by our Code. In 2021, 95 percent of all employees had signed the Code and 90 percent of all new employees had signed the Code.

WHISTLEBLOWER POLICY

MTG's whistleblower policy encourages employees to report illegal, unethical or inappropriate behavior or practices. The policy applies to irregularities committed by employees in key leading positions within MTG AB or its portfolio companies.

Matters such as grievances, compliance and disciplinary or other procedures are not addressed as they are typically covered by other policies and processes directly in our portfolio companies. Although if local measures fail, the whistleblowing process can be used as a last resort. Regardless of who makes a report or when, the whistleblower can do so without fear of retribution.

The escalation process typically involves the whistleblower reporting to their manager or to the next level of management. If this is not possible, they can send an e-mail to whistleblower@mtg.com, which is managed by the Group General Counsel, Chief Financial Officer and the Head of Risk & Compliance. All reported issues are reviewed according to their seriousness, credibility and the likelihood of confirming the allegation from reliable and independent sources.

In Q4 2021, MTG contracted a service provider for whistleblowing reporting that will be used by our Central Operations as well as our portfolio companies. Implementation and rollout is planned for Q2 2022.

ANTI-BRIBERY & CORRUPTION

MTG's Anti-Bribery & Corruption Policy provides guidance on how we conduct business to ensure compliance with international standards. During the year, there were no confirmed incidents of corruption and no related incidents that led to employee dismissal or disciplinary action. There were no contracts with business partners that were terminated or not renewed due to violations related to corruption, and no legal cases were brought against our company or employees.

DATA PROTECTION AT MTG GROUP

All portfolio companies continuously work on General Data Protection Regulation (GDPR) compliance though a continued focus on risk assessment and further implementation of the Privacy Compliance Framework. The framework includes areas such as governance structure, personal data inventory, data privacy policies, data transfer mechanisms, training and awareness programs, notices and data access requests. Progress, monitoring and further development is followed up by our group Data Protection Officer through regular dialogs with the local Data Protection Manager (DPM).

STRATEGIC ASSOCIATION MEMBERSHIPS

❏ To develop the gaming and esports industry as well as the society we operate in, our portfolio companies maintain memberships in industry associations, national and international organizations.

The following memberships are considered to be strategic by our portfolio companies:

ANYKEY

ESL Gaming is a partner and sponsor of AnyKey, which is an organization that advocates diversity, inclusion and equity in gaming and livestreaming. Its aim is to amplify, connect and empower underrepresented players and their allies through research and strategic initiatives.

DATASPELSBRANSCHEN

DreamHack is a supporting member of Dataspelsbranschen, the Swedish Games Industry – which is an organization that compiles and communicates the computer and video game industry's shared responsibilities. Dataspelsbranschen focuses on the industry as a whole and its advocacy in the media.

ESBD

ESL Gaming is one of the founding members of the German esports federation, Esport Bund Deutschland (ESBD). ESBD is the point of contact for esports and the interests of esports athletes and organizations.

ESIC

Both DreamHack and ESL Gaming are members of the Esports Integrity Commission (ESIC), a non-profit association established by esports stakeholders with the purpose of working with integrity issues,

particularly the prevention, investigation and prosecution of all forms of cheating and match manipulation. ESIC acts as a neutral third party to help mediate and monitor situations in which integrity can be questioned.

FAIR PLAY ALLIANCE

Kongregate is a member of the Fair Play Alliance, which is a global coalition of gaming professionals and companies within the gaming industry. The organization provides a forum for gaming professionals and companies to work together to promote best practice, healthy communities and player interaction in online gaming. Their vision is to be part of creating a world where games are free of harassment, discrimination and abuse, and where players can express themselves through play without fear.

GAME

Both ESL Gaming and InnoGames are members of the German Games Industry Association (game), which has a mission to make Germany the best games location. game is an expert partner for media, social and political institutions and addresses topics regarding market development, games culture and media literacy.

LEADERS FOR CLIMATE ACTION

InnoGames is a member of Leaders for Climate Action, which aims to combat climate change through various activities and initiatives together with its over 900

GRI 102-13

members from a variety of German digital enterprises. Its vision is for a global economy powered power by 100 percent renewable energy by 2050.

USK – UNTERHALTUNGS SOFTWARE SELBSTKONTROLLE

InnoGames and ESL are members of the German Entertainment Software Self-Regulation Body (USK), which offers a wide range of services for developers, publishers and content providers, such as information on the classification of games, apps, online content, and trade fairs and events. The USK ensures that games can be tested both technically and in terms of their content for a wide range of game platforms. It also oversees Classification Committees, classification deadlines and regulations, and provides ongoing training for everyone involved in classification procedures.

WESA

ESL Gaming co-founded the World Esports Association (WESA) and has a position on its Executive Board. WESA aims to further professionalize esports by developing and implementing elements of player representation, standardized regulations and revenue shares for teams.

DIVERSITY WORKS NZ

Ninja Kiwi is a member of the organization Diversity Works NZ, a national body for workplace diversity and inclusion. The organization provides members with tools and knowledge on what diversity is, how to increase diversity within organizations as well as assessment tools for identifying areas for improvement.

NZGDA – NEW ZEALAND GAME DEVELOPERS ASSOCIATION

Ninja Kiwi is a member of the organization NZGDA, a non-profit organization aiming to champion, support and grow video game development in New Zealand through collaboration between different actors within the industry in New Zealand.



DIRECTORS' REPORT

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BUSINESS OPERATIONS

Modern Times Group MTG AB (publ) (MTG) is a publicly listed company investing in gaming and esports entertainment. Its Class A and Class B shares are listed on Nasdaq Stockholm's Mid Cap list under the symbols MTG A and MTG B. MTG's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. MTG's registration number is 556309-9158.

MTG's vision is to become the home of gaming and esports entertainment. The company's mission is to grow the gaming and esports ecosystem and benefit its communities through relevant products and storytelling with craftsmanship, innovation and sustainability at its center. MTG's strategy is to drive organic growth and profitability in its segment companies and invest in high-potential esports and gaming businesses that complement MTG's brands and products.

In 2021, MTG's financial reporting structure included three segments – gaming, esports and central operations. The gaming segment is made up of InnoGames, Hutch, Ninja Kiwi, PlaySimple, Kongregate and MTG VC fund's investment in gaming-related companies. The esports segment is made up of ESL Gaming, DreamHack Sports Games, and MTG VC fund's investments in esports related companies.

Acquisitions and divestments

Active segment realignment is a natural part of MTG's transformation into the home of gaming and esports entertainment. In 2021 and after the year, a number of strategic divestments, acquisitions and strategic partnerships were completed or announced, including:

January 22, 2021 – ESL partnered with Blizzard to operate its Hearthstone® esports ecosystem

MTG's ESL Gaming entered into a two-year partnership with Blizzard Entertainment to operate the Blizzard owned esports ecosystem for the Hearthstone® game title. The partnership will impact some of the largest Hearthstone® tournaments like the Grandmasters and the Hearthstone Masters Tours and will entail a total prize pool of USD 3,000,000 per calendar year.

February 12, 2021 – MTG rights issue was oversubscribed and concluded

MTG concluded its rights issue. A maximum of 28,320,697 Class B shares were offered in the rights issue at a subscription price of SEK 90 per share. The rights issue provided MTG with proceeds of SEK 2,526 million. Investors' interest was high, and the rights issue was oversubscribed by 101.8 percent.

March 24, 2021 – MTG announced the acquisition of leading tower defense gaming studio and publisher Ninja Kiwi, the maker of Bloons

MTG entered into an agreement to acquire New Zealand-based leading tower defense mobile games developer and publisher Ninja Kiwi. For an up-front consideration of approximately SEK 1,217 million (NZD 203 million) and the performance-based earn-out payments had an expected value of SEK 406 million (NZD 68 million) in aggregate, including cash and share components.

April 26, 2021 – DreamHack announced new agreement with Epic on Fortnite collaboration

DreamHack announced the continuation of the popular DreamHack Open Featuring Fortnite tournament series in 2021. The Fortnite initiative had a prize pool of more than USD 900,000 in 2021.

April 28, 2021 – ESL Gaming announced renewal of sponsorship agreement with Intel

MTG's ESL Gaming announced the renewal of its long-standing partnership with Intel® in the biggest deal in esports history to date. The renewal will see the brands invest over USD 100 million in esports over three years up to and including IEM Katowice 2025 and marks 20 years of collaboration between ESL and Intel®.

May 14, 2021 – DHL extended successful partnership with ESL Gaming

DHL and MTG's ESL Gaming announced a multiyear extension of their successful partnership. Through the extension, DHL continues its extensive involvement in esports. Building on an established footprint and successful activation campaigns around the ESL One tournament series in previous years, the new agreement will expand to include the full ESL CS:GO Pro Tour, all of ESL's global Dota 2 properties, and ESL Mobile, an all-new mobile esports ecosystem.

May 18, 2021 – MTG held its Annual General Meeting

The AGM adopted all proposals by the Board of Directors and the Nomination Committee, re-electing Chris Carvalho, Simon Duffy, Gerhard Florin, Dawn Hudson, Marjorie Lao and Natalie Tydeman as Board members and electing Simon Leung as a new Board member. The AGM also elected Simon Duffy as the new Chairman of the Board.

July 2, 2021 – MTG announced the acquisition of leading word games developer PlaySimple

MTG announced the acquisition of 100 percent of PlaySimple, a rapidly growing, highly profitable business and one of the global leaders in the attractive mobile word games genre based in Bangalore, India, for an up-front consideration of approximately SEK 3,090 million (on a cash and debt-free basis) and performance-based earn-out payments with an expected value of SEK 1,287 million in aggregate.

July 28, 2021 – MTG held an Extraordinary General Meeting

MTG held an Extraordinary General Meeting which resolved on a directed issue of Class C shares, a transfer of Class B shares to the sellers of PlaySimple Games Private Limited as well as a transfer of Class B shares through an accelerated book building procedure.

August 24, 2021 – MTG announced changes to its Executive Management Team

MTG announced changes to its executive management as CFO Lars Torstensson decided to step down from his position as CFO at his own request for personal and family reasons. However, he remained with the company as EVP Communications & IR and continues to serve in the Executive Management Team.

September 6-10, 2021 – Ninja Kiwi's Bloons TD 6 featured on Steam Store front page

MTG announced that Ninja Kiwi's Bloons TD 6 shared the front-page position on Steam's popular PC gaming store during the US Labor Day week. The feature included a discount on the game and coupled with the recent Boss Events update, attracted another 260,000 paying players to the game.

September 16, 2021 – Hutch breaks daily revenue record

MTG announced that Hutch's 4-year-old hit game Top Drives went from strength to strength in September 2021 with its best ever month in daily revenue. This performance spike coincided with the release of the Japanese Pro Tour and the Summer Games collection series events in consecutive weeks.

December 7, 2021 – Psyonix Selects ESL Gaming as Rocket League Championship series esports partner

MTG's ESL Gaming announced that they will become esports partners of the Rocket League Championship Series in a multi-year agreement with Rocket League developer, Psyonix.

January 24, 2022 – MTG Divests ESL Gaming to Savvy Gaming Group (SGG) for USD 1,050 million. ESL Gaming will be merged with FACEIT and create global leader in competitive gaming

MTG announced the sale of ESL Gaming, the world's largest independent esports company, to Savvy Gaming Group (SGG) in an all-cash transaction that valued ESL Gaming at an enterprise value of USD 1,050 million. MTG owned 91.46 percent of ESL Gaming, which corresponds to USD 960 million of the total enterprise value and represents a total return on investment of 2.5 times. Savvy Gaming Group (SGG) is simultaneously acquiring FACEIT and will merge the two companies to create the leading global platform for competitive gaming – ESL FACEIT Group.

FINANCIAL OVERVIEW



2021 HIGHLIGHTS

- Net sales increased by 33% to SEK 5,306 (3,997) million
- Adjusted EBITDA of SEK 908 (535) million
- EBITDA of SEK 708 (319) million
- Operating income (EBIT) of SEK 184 (35) million
- Basic earnings per share of -3.85 (-2.99)
- Total net income of SEK -454 (-96) million
- Net Cash flow from operations of SEK 306 (270) million
- The Board of Directors proposes that no dividend be paid for 2021

Consolidated financial performance (SEK million)	2021	2020
Net sales	5,306	3,997
of which gaming	3,931	2,682
of which esports	1,375	1,315
Costs before depreciation and amortization	-4,597	-3,678
Adjusted EBITDA	908	535
Adjusted EBITDA margin	17%	13%
Adjustments	-200	-217
EBITDA	708	319
Amortization	-433	-195
Depreciation	-91	-88
of which PPA	-292	-112
EBIT	184	35
EBIT margin	4%	1%
Net income	-454	-96
Basic earnings per share (SEK)	-3.85	-2.99
Net cash flow from operations	306	270
CAPEX	252	208
Net sales growth y-o-y		
Organic growth	-3%	-4%
Acquisitions/divestments	40%	-
Changes in FX rates	-4%	-2%
Change in reported net sales	33%	-6%
Pro forma growth	11%	

Net sales

Net sales on a reported basis increased by 33 percent year-on-year to SEK 5,306 (3,997) million. Pro forma growth amounted to 11 percent. Organic sales growth declined by 3 percent. Exchange rate changes contributed with negative 4 percent.

Gaming net sales increased by 47 percent, of which organic growth accounted for a negative 9 percent. Net sales in esports increased by 5 percent in 2021, of which organic growth accounted for 9 percent, partly offset by a negative 4 percent from exchange rate changes.

Operating expenditure

Operating costs before depreciation and amortization increased by 25 percent to SEK 4,597 (3,678) million. This included 88 (132) million in costs related to Long-term Incentive (LTI) programs and SEK 112 (56) million in Merger & Acquisition (M&A) transaction costs.

Adjusted EBITDA

The group's adjusted EBITDA amounted to SEK 908 (535) million. The improvement was driven by higher profits in the gaming segment, primarily due to strong performance of Ninja Kiwi and PlaySimple, but partly offset by esports. The adjusted EBITDA margin was 17 (13) percent.

Group central operations impacted adjusted EBITDA by SEK -100 (-102) million.

EBITDA amounted to SEK 708 (319) million.

EBIT

Depreciation and amortization amounted to SEK -524 (-283) million and included amortization of purchase price allocations (PPA) of SEK -292 (-112) million. Excluding PPA, depreciation and amortization increased by SEK 61 million to SEK -232 (-171) million.

Group EBIT was SEK 184 (35) million. The EBIT margin was 4 (1) percent.

Net financials and net income

Net financial items amounted to SEK -448 (46) million, predominantly driven by a revaluation of the earn-out liability, as a result of the significant overperformance by Ninja Kiwi and to a smaller degree also PlaySimple. For a summary of changes in earn-out liability, see the table in Note 28 on page 112. The group's tax was SEK -191 (-177) million. Current tax amounted to SEK -273 (-198) million and deferred tax was SEK 70 (20) million, of which SEK 9 (14) million related to untaxed reserves in the Swedish entities.

Net income and earnings per share

The group reported a net loss of SEK -454 (-96) million and basic earnings per share before dilution of SEK -3.85 (-2.99) and after dilution of SEK -3.85 (-2.99).

Cash flow and financial position

The group reported a SEK -27 (30) million change in working capital. Net cash flow from operating activities amounted to SEK 306 (270) million.

The group's capital expenditure on tangible and intangible assets amounted to SEK 252 (208) million, mainly consisting of capitalized development costs for games and platforms that have not yet been commercially released. Investment in the VC fund was SEK 282 (31) million during the year. Initial cash payments for the acquisition of Ninja Kiwi and PlaySimple amounted to SEK 684 million and SEK 2,388 million, respectively.

Total cash flow relating to investing activities amounted to SEK -3,372 (-2,471) million.

Cash flow from financing activities amounted to SEK 2,815 (1,557) million.

MTG financed the initial cash purchase price of Ninja Kiwi and PlaySimple with i) existing cash, ii) a directed share issue and iii) through a bridge loan facility and a revolving credit facility totaling SEK 1,900 million from DNB Bank ASA, Sweden branch and Swedbank AB (Publ).

The net change in cash and cash equivalents amounted to SEK -251 (-644) million.

The group had cash and cash equivalents of SEK 943 (1,153) million at the end of the period.

As per 31 December 2021, the group had a bridge loan facility of SEK 1,000 (1,800) million and a revolving credit facility of SEK 1,000 (0) million, whereof SEK 900 million was utilized. Both loans are from DNB Bank ASA, Sweden branch and Swedbank AB (publ).

Cash flow (SEK million)	2021	2020
Cash flows from operating activities	619	439
Taxes paid	-286	-199
Changes in working capital	-27	30
Net cash flows from operating activities	306	270
Investing activities	-3,372	-2,471
Financing activities	2,815	1,557
Total net change in cash and cash equivalents	-251	-644
Cash and cash equivalents at the end of year	943	1,153

BUSINESS SEGMENTS

Gaming

Gaming (SEK million)	2021	2020
Net sales	3,931	2,682
Adjusted EBITDA	1,203	800
Adjusted EBITDA margin	31%	30%
Adjustments	-101	-153
EBITDA	1,102	648
Amortization	-411	-172
Depreciation	-52	-40
of which PPA	-281	-97
EBIT	640	436
EBIT margin	16%	16%
CAPEX	210	177
Net sales growth y-o-y		
Organic growth	-9%	7%
Acquisitions/divestments	60%	-
Changes in FX rates	-4%	-1%
Reported growth	47%	6%
Pro forma growth	12%	

Net sales in 2021 grew by 47 percent to SEK 3,931 (2,682) million. Pro forma growth amounted to 12 percent. Organic sales growth declined by 9 (7) percent. Exchange rate changes contributed with negative 4 percent.

The newly acquired companies Ninja Kiwi and PlaySimple have performed strongly since the acquisitions. Ninja Kiwi's evergreen IP Bloons maintained a very solid development which was mainly driven by BTDD6, supported by the newly launched Battles 2 which has shown early promising results. PlaySimple, and the Anagram genre in particular, continued to upscale at a high pace, driven by Word Trip and Word Jam, supported by a relatively high marketing spend.

During the year, Hutch experienced marketing challenges in relation to their game PuzzleHeist and therefore decided to stop developing the title. Instead, increased focus was directed on their existing successful games, such as Top Drives and F1 Clash, which delivered well during the latter part of the year.

Both InnoGames and Kongregate, experienced negative organic growth during 2021 due to tough year-over-year comparisons, headwinds related to

marketing efficiency and temporarily weaker in-game event performance, primarily during the third quarter. However, strong sequential recovery could be seen during the later part of the fourth quarter, as a result of initiatives taken to strengthen the operational performance in InnoGames, which led to improved marketing campaigns and better balanced in-game events.

Adjusted EBITDA was SEK 1,203 (800) million, representing a margin of 31 (30) percent.

EBITDA adjustments of SEK -101 (-153) million during 2021 comprised of M&A transaction costs of SEK -64 million and reversed costs for long-term management incentive programs of SEK -37 million.

EBITDA amounted to SEK 1,102 (648) million.

Capex of SEK 210 (177) million was higher compared to the previous year, mainly related to the additional acquisitions.

During the year, mobile sales grew by 82 percent to SEK 2,388 (1,312) million, representing 61 (49) percent of the total revenue in the gaming segment. Mobile sales were primarily driven by PlaySimple, as all of its revenue during 2021 was associated to mobile.

There was no significant movement in the revenue split by territory¹⁾, with approximately 94 (95) percent of revenue in the North American and European markets, which are the target territories for the gaming companies.

The top three titles have changed during the year and in 2021, these were Forge of Empires, Top Drives and F1 Clash; the latter two replaced Elvenar and Tribal Wars. Net sales generated by these titles represented 54 percent of total sales.

¹⁾ Where customers are actually located.

Esport

Esport (SEK million)	2021	2020
Net sales	1,375	1,315
Adjusted EBITDA	-195	-163
Adjusted EBITDA margin	-14%	-12%
Adjustments	-84	-56
EBITDA	-279	-220
Amortization	-22	-23
Depreciation	-37	-45
of which PPA	-11	-15
EBIT	-338	-288
EBIT margin	-25%	-22%
CAPEX	42	34
Net sales growth y-o-y		
Organic growth	9%	-22%
Acquisitions/divestments	-	-
Changes in FX rates	-4%	-1%
Reported growth	5%	-23%

The esport segment comprises ESL, the world's largest esport company, DreamHack, the premier gaming lifestyle festival organizer and DreamHack Sports Games, which is focused on traditional sports in a digital format. The merger of ESL and DreamHack, which took place on September 30, 2020, has continued to deliver and achieve operational synergies.

During 2021, net sales increased by 5 percent to SEK 1,375 (1,315) million, including a 4 percent decrease due to the negative impact of exchange rate changes. Organic net sales grew by 9 (-22) percent in 2021, including 19 Master property events compared to 15 last year, as a result of being more accustomed to the current pandemic situation.

ESL held 19 Master properties across 2021, despite the impact of the coronavirus restrictions still being in place, by running them as digital events broadcasted from a studio instead of as arena events with live audience attending as in 2019.

ESL's B2C (ESEA, ESL Play and other products) business continued to experience sequential growth in monthly active users on the back of the ongoing pandemic and improved product features.

The long-term goal is to elevate the B2C business and turn it into a much more meaningful contributor and improve diversification of ESL and DreamHack's revenue streams.

DreamHack Sports Games net sales grew by 77 percent in 2021 due to increased partnerships and ESS projects. In total, 14 Challenger properties were held during the year, compared to 9 in 2020.

Adjusted EBITDA was SEK -195 (-163) million in 2021, due to increased investments in strategic initiatives such as mobile gaming and increased costs to produce events. The adjusted EBITDA margin amounted to -14 (-12) percent.

EBITDA adjustments of SEK -84 (-56) million comprised costs for long-term management incentive programs SEK -39 million and M&A transaction costs of SEK -45 million.

EBITDA amounted to SEK -279 (-220) million.

Sales related to O&O properties decreased by 3 percent in 2021 to SEK 860 million, primarily due to the pandemic resulting in less opportunities to monetize within O&O.

ESS net sales increased by 20 percent in 2021 to SEK 515 million, representing 37 percent of total esport net sales. The focus in ESS is to establish more strategic publisher relationships.

OTHER GROUP INFORMATION

Parent Company

Modern Times Group MTG AB (publ) is the group's parent company and is responsible for group-wide management, administration and finance functions. MTG's treasury function provides a central cash pool or financing through internal loans to support the operating companies.

The MTG parent company reported internal sales of SEK 15 (16) million in 2021. Net interest and other financial items amounted to SEK -11 (-33) million, where the main part consisted of net interest, which amounted to SEK -9 (-4) million. Income after tax and appropriations amounted to SEK -94 (-9) million. The parent company had cash and cash equivalents of SEK 167 (516) million at the end of the period. The MTG parent company had an external loan at the end of the reporting period of SEK 1,900 (1,800) million.

Dividend and proposed appropriations of earnings

The following funds are at the disposal of the shareholders:

Dividend and proposed appropriation of earnings

(SEK)	2021
Premium reserve	4,272,648,716
Retained Earnings	4,915,288,512
Net income for 2021	-94,250,601
Total at disposal	9,093,686,627

The Board proposes that MTG's retained earnings, the share premium reserve and the result for the year, a total of SEK 9,093,686,627 is to be carried forward.

Outlook

MTG is a strategic operational and investment holding company that combines investment expertise with "hands-on" operational engagement that intends to take majority ownership in the established companies in which it invests, with founders maintaining a minority interest and/or being incentivized to succeed.

As a result of the divestment of ESL Gaming, MTG enters 2022 as a pure-play gaming company with the intention to further develop and expand its gaming segment with its "Buy and Build" strategy.

Sustainability

The statutory sustainability report according to Chapter 6 of the Annual Accounts Act can be found on pages 18-41 and 123-133.

THE MTG SHARE

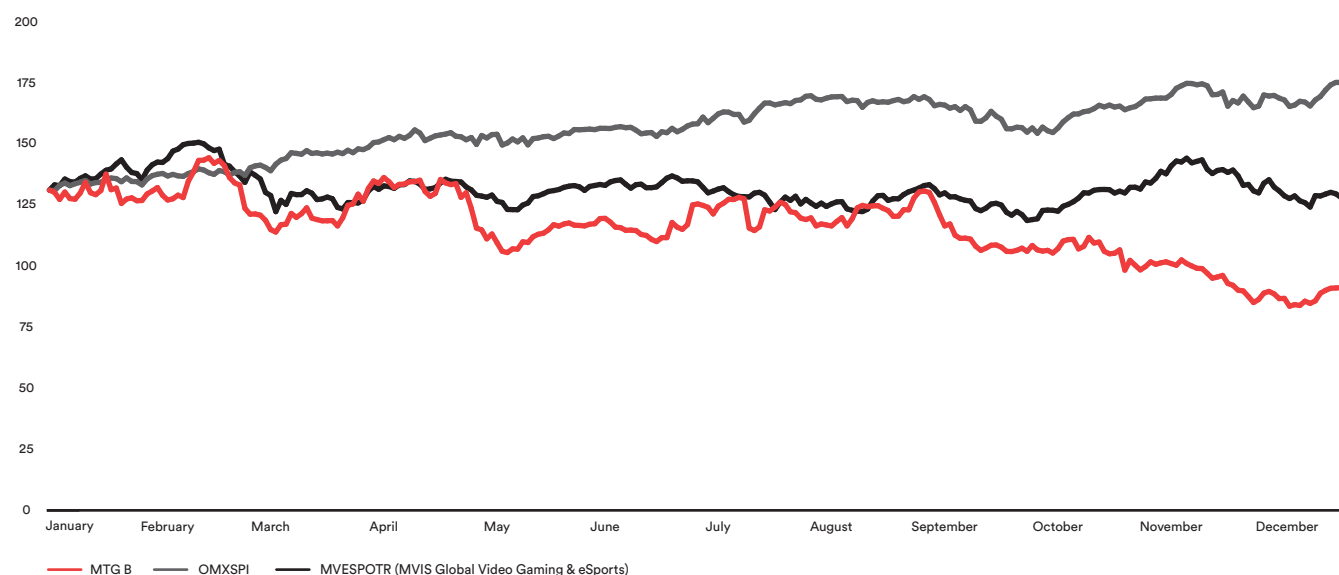
Share price performance and total return

MTG's Class A and Class B shares are listed on Nasdaq Stockholm (Mid Cap segment) under the symbols 'MTG A' and 'MTG B'. At the beginning of 2021, the MTG Class B share price was SEK 148.2 and at the end of 2021, it was SEK 92.4 (146.7), with an increased number of total shares due to share issues during 2021 (as further described below). This implies a decrease in the share price by 37.66 percent (31.39) and a market capitalization by the year-end 2021 of SEK 10.8 (9.9) billion. The parent company did not pay any dividend in 2021.

Ownership structure

The total number of shareholders according to the share register held by Euroclear Sweden AB (the Swedish Central Securities Depository) was 49,666 (54,698) at the end of 2021. The shares held by the 10 largest shareholders corresponded to approximately 47 percent (49) of the share capital and 45 percent (45) of the voting rights. Swedish institutions and mutual funds owned approximately 45 percent (46) of the share capital and international investors owned approximately 55 percent (54).

Share price development 2021, indexed



Shareholders as of 31 December 2021

#	Owners	MTG A	MTG B	MTG C	Capital	Votes	Verified
1	Active Ownership Corporation S.à r.l.		11,707,751		10.0%	9.6%	2021-12-31
2	Swedbank Robur Fonder		8,889,328		7.6%	7.3%	2021-12-31
3	Modern Times Group MTG AB		304,880	6,324,343	5.7%	5.4%	2021-12-31
4	Kabouter Management LLC		4,886,464		4.2%	4.0%	2021-12-31
5	Atairos		4,829,762		4.1%	4.0%	2021-07-20
6	Lannebo Fonder		4,413,858		3.8%	3.6%	2021-12-31
7	Nordea Fonder		3,691,459		3.2%	3.0%	2021-12-31
8	Vanguard		3,643,875		3.1%	3.0%	2021-12-31
9	Marathon Asset Management		3,500,559		3.0%	2.9%	2021-12-31
10	C WorldWide Asset Management		3,007,151		2.6%	2.5%	2021-12-31
Total top 10			48,875,087	6,324,343	47.2%	45.3%	
Others		545,662	61,269,963	0	52.8%	54.7%	
Total		545,662	110,145,050	6,324,343	100.0%	100.0%	

Total number of shares and voting rights

The holder of an MTG Class A share is entitled to 10 votes and the holder of a MTG Class B and MTG Class C share is entitled to one vote each. Class C shareholders are not entitled to dividend payments. Out of the total number of issued shares, 304,880

(304,880) Class B shares and 6,324,343 (-) Class C shares are held as treasury shares (which are not represented at general meetings of the company).

Share distribution

Size Class	Number of shares	Capital	Votes	Number of known owners	Part of known owners
1–100	764,993	0.65%	0.78%	34,882	70.63%
101–200	727,768	0.62%	0.73%	4,897	9.92%
201–500	1,558,166	1.33%	1.45%	4,722	9.56%
501–1.000	1,720,036	1.47%	1.61%	2,291	4.64%
1.001–2.000	2,012,629	1.72%	1.82%	1,353	2.74%
2.001–5.000	2,467,534	2.12%	2.14%	788	1.60%
5.001–10.000	1,637,443	1.41%	1.53%	225	0.46%
10.001–20.000	1,291,446	1.12%	1.10%	91	0.18%
20.001–50.000	2,158,927	1.87%	2.37%	67	0.14%
50.001–100.000	1,381,959	1.23%	1.18%	19	0.04%
100.001–200.000	1,518,297	1.40%	2.22%	11	0.02%
200.001–500.000	4,280,877	3.66%	3.53%	14	0.03%
500.001–1.000.000	5,390,330	4.65%	4.49%	7	0.01%
1.000.001–2.000.000	8,797,812	7.52%	8.42%	6	0.01%
2.000.001–5.000.000	42,347,844	36.52%	35.05%	13	0.03%
5.000.001–10.000.000	15,518,551	13.26%	12.75%	2	0.00%
10.000.001–	11,707,751	10.01%	9.60%	1	0.00%
Anonymous ownership	11,732,692	9.45%	9.24%		
Total	117,015,055	100%	100%	49,389	100%

Due to the share issues described below which were made in 2021, the total number of voting rights and total number of shares as of December 31, 2021 amounted to 121,926,013 votes (72,558,082) and 117,015,055 shares (67,647,124).

- The issue of 627,431 Class B shares to certain sellers of Hutch Games.
- The issue of 28,320,697 Class B shares in connection with MTG's rights issue.
- The issue of 9,659,524 Class B shares through an accelerated book building process.
- The issue and repurchase of 130,000 Class C shares to enable delivery of shares for LTIP 2021.
- The issue of 4,435,936 Class B shares to the sellers of Ninja Kiwi.
- The issue and repurchase of 6,194,343 Class C shares to enable delivery of consideration in the form of Class B shares or cash in accordance with MTG Gaming AB's obligations under the transaction agreements entered into with the sellers of PlaySimple.

Share capital

The parent company's share capital amounted to SEK 585 (338) million at the end of 2021. For changes in the share capital between 2021 and 2020, please see the report entitled 'Consolidated statement of changes in equity'.

Reclassifications

There were no reclassifications of Class A shares into Class B shares in 2021 and 2020.

Exercise of long-term incentive plans

No shares were exercised as part of any long-term incentive plan during 2021 and 2020.

If all warrants granted to senior executives and key employees in 2019 were exercised as per December 31, 2021, the outstanding shares of the Company would increase by 477,512 (426,420) Class B shares, corresponding to a dilution of 0.41 percent (0.63) of the issued capital and 0.39 percent (0.59) of the related voting rights at the end of 2021. For further information on the share-based long-term incentive plans, please see Note 25.



Board authorizations

The Extraordinary General Meeting held on January 21, 2021 (the “**January EGM**”) resolved to authorize the Board to, on one or several occasions up until the next Annual General Meeting, to issue Class B shares representing, in aggregate, not more than 10 percent of the total number of shares in the company at the time when the Board exercises the authorization for the first time. The Board of Directors utilized this authorization in March 2021 for the issue of 9,659,524 Class B shares through an accelerated book building process.

For the purpose of securing delivery of shares to the participants in the LTIP 2021, the January EGM also authorized the Board to carry out a directed issue, and a subsequent repurchase, of not more than 130,000 Class C shares (which can be converted into Class B shares) and that not more than 434,800 own Class B shares may be transferred free of charge to the participants in accordance with terms and conditions of the LTIP 2021. The Board utilized this authorization in March 2021 for the issue and repurchase of 130,000 Class C shares.

The 2021 Annual General Meeting authorized the Board to, on one or more occasions during the period up until the next Annual General Meeting, issue new Class B shares with or without deviation from the shareholders’ preferential rights. New share issues resolved upon by the Board using this authorization shall, in aggregate, represent no more than 15 percent of the total number of shares in the company at the time when the Board of Directors exercises this authorization for the first time. At least one third (1/3) of the authorization is intended to be used as payment/consideration in connection with acquisitions (in kind or through set-off), and the remainder may be used for new issues to raise capital for acquisitions. The Board utilized this authorization in June 2021 for the issue of 4,435,936 Class B shares to the sellers of Ninja Kiwi. Additionally, as a consequence of the resolutions by the Extraordinary General Meeting held on July 28, 2021 (the “**July EGM**”) to issue and repurchase 6,194,343 Class C shares to enable delivery of consideration in the form of Class B shares or cash in accordance with MTG Gaming AB’s obligations under the transaction agreements entered into with the sellers of PlaySimple, the Board decided to consider these Class C shares to have reduced the above-mentioned authorization.

The 2020 Annual General Meeting authorized the Board of Directors to repurchase of MTG’s own shares. However, no shares have been repurchased under this authorization. For the 2021 Annual General Meeting, the Board of Directors did not request authorization to repurchase shares.

The 2022 Extraordinary General Meeting authorized the Board of Directors to repurchase MTG’s own shares.

Articles of association

The Articles of Association do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the Articles of Association. Outstanding shares may be freely transferred without restrictions. MTG is not aware of any agreements between shareholders that limit the right to transfer shares.

For effects of transactions after the balance sheet date, please see Note 29.

FINANCIAL POLICIES AND RISK MANAGEMENT

Risks and uncertainties

Competitive risks

Competitive risks include competition for esports tournament players participation, event viewers and game players. MTG's ability to compete successfully is dependent on a number of factors, including the ability to adapt to new technologies and product innovations, achieve widespread distribution and develop user communities in a sustainable manner.

M&A deals may not be successful

As an active investor, MTG acquires and divest companies, or stakes in companies, from time to time. Such acquisitions may not deliver the expected benefits to the group, potentially resulting in significant financial loss and a negative effect on the share price.

MTG is facing the risk of increased competition for new acquisitions. Heightened investors' interest in gaming and esports assets may lead to greater acquisition costs, affecting the Company's ability to grow its asset portfolio profitably.

Furthermore, and especially because of M&A activity in geographies with a heightened risk of corruption, MTG may become associated with counterparties of questionable reputation. This can have an adverse effect on the group's reputation and expose MTG to the risk of litigation.

Reliance on a few game titles (Gaming)

The revenues in MTG's gaming segment are concentrated in a few highly profitable game titles (notably Forge of Empires, Word Trip, Word Jam, Bloons TD6, and F1 Clash). If the popularity of these titles among players declines, this may have a significant adverse effect on MTG's profitability. The dependency on a few game titles has decreased during 2021 with the acquisition of additional gaming companies.

New title releases may not succeed

Releasing new game titles and managing them for profitability is a significant element of MTG's strategy. If the companies in MTG's gaming segment fail to release new titles, or if the newly released titles are not well received by players, MTG may not be able to reach its revenue and profitability goals.

Dependence on major platforms for distribution of game titles

MTG distributes its games through third-party platforms such as Apple's App Store, Google's Google Play, Amazon's App store, Huawei's App Gallery and the Microsoft Store. As such, MTG is dependent on these third-party platforms. Platform technical prob-

lems and adverse placement of MTG's game titles in search results and category listings by platforms' automated algorithms may reduce the number of downloads of MTG games. This may prevent the Company from reaching its revenue and profitability goals.

Marketing spend may not be effective

MTG's gaming companies are continuously promoting their products to attract new customers. Given the volume of spending on user acquisition, marketing campaigns that do not deliver the expected customer intake may result in significant financial loss.

Furthermore, the tightening restrictions on the processing of personal data may decrease the effectiveness of MTG's marketing spend by making it more difficult to address the audience segments that are most likely to become MTG's customers. Such restrictions are the result of both governmental policies and content distribution platforms' decisions to safeguard their users' privacy (e.g. IDFA on Apple devices).

Dependence on third-party trademarks

Some of the main Kongregate and Hutch titles contain licensed third-party trademarks (e.g., Formula 1 and Teenage Mutant Ninja Turtles). If such licenses are withdrawn, or licensing costs increase beyond projections, MTG may need to discontinue the affected games. This may have an adverse effect on the Company's revenue and profitability.

Intellectual property right infringement

MTG's trademarks, copyrights and other intellectual property rights may not provide adequate protection for MTG, or intellectual property registration applications may not be granted, or MTG's rights may not be upheld in some jurisdictions. MTG may be subject to infringement of intellectual property rights lawsuits, or other companies may sue MTG for alleged or actual infringement of their intellectual property rights, for example due to MTG's use of third-party components and open-source software in connection with game development. If any of the above events occur, there is a risk that MTG's investments in intellectual property rights will not generate the expected benefits or that MTG will be liable to pay damages or other fees, which in turn may have a negative impact on MTG's revenue and profitability.

MTG may not be able to attract the right talent at acceptable cost, or retain key employees

The successful design, development, marketing and monetization of games requires highly skilled input from software programmers, artists, data analysts and other experts. In conditions of height-

ened demand for such skills by MTG's competitors, MTG may not be able to attract the staff it needs at an acceptable cost, or at all. This may have an adverse effect on MTG's ability to release new game titles, or updates to existing games, potentially leading to shortfalls in revenue and profitability as well as user attrition.

Some of MTG's businesses are dependent on key employees for critical tasks related to product design, content monetization and user acquisition. If such employees were to leave their respective employer, their skills might be difficult to replace promptly or at an acceptable cost. This could cause a temporary deterioration of the affected businesses' operational performance.

Reliance on a few game titles (Esport)

The majority of esports events that attract significant audiences and skilled players are concentrated to a relatively small number of game titles (notably CS:GO, Dota 2, Overwatch, PUBG, League of Legends, Fortnite and FIFA). MTG needs to obtain licenses from the respective game title holders to organize esports events around those games.

If MTG fails to secure such licenses it might not be able to organize esport events, with a corresponding adverse impact on revenue and profitability.

Continued restrictions on physical events

MTG's esport events have traditionally been physical events held at third-party venues in front of live audiences. During 2021, the pandemic limited MTG's ability to organize live events, and most events were held in a studio or as an online tournament. Toward the end of the year, restrictions were lifted in some markets, which allowed for example DreamHack to organize live events in Sweden again.

Dependence on major platforms for distribution of events footage

MTG is dependent on third-party platforms for the distribution of live and recorded esport events footage (notably Twitch, YouTube and Huya). There are presently no viable alternatives to these platforms that would reach the same audience.

Therefore, technical problems on the third-party content distribution platforms may adversely affect the audience volumes attracted by MTG's esport events. The content distribution platforms may also terminate their agreements with the company or impose onerous commercial terms for MTG's continued presence on the platforms. Any of these events would likely have a negative effect on MTG's revenue and profitability.

New entrants in the market

There are relatively few entry barriers into the esports market other than upfront capital outlays. As such, MTG may lose market share to well-financed new market entrants, who may not be concerned with profitability at the initial stage.

The entry of new players in MTG's industry, both esports and gaming, could result in significant changes for the industry and might potentially cause disruption to established contracts and negotiation structures, as well as to business practices, and ways in which advertising is traded and sold in the online environment.

Business interruption risks

MTG's businesses may suffer from interruptions caused by a variety of factors. Physical esport events may be affected by circumstances affecting the infrastructure supporting the event – power outages, extreme weather, equipment failure, and communication links outage.

Gaming companies and esports events held online may be adversely affected by cyberattacks originating either externally or from within the companies. If the affected companies are unable to recover promptly from interruptions to their business, MTG may suffer from immediate revenue loss and long-term damage to reputation.

Tax-related risks

MTG operates through subsidiaries resident in different jurisdictions. The business is conducted in accordance with MTG's understanding or interpretation of applicable tax laws, tax treaties, other tax regulations and requirements from the tax authorities concerned. Amended laws, agreements and other regulations may affect the tax position of the group, which may also be affected if the tax authorities disagree with the group's interpretation of existing tax rules.

Regulatory risks

The group's businesses are regulated in many different jurisdictions. The regimes that regulate the group's business include both European Union and national laws and regulations related primarily to competition (antitrust), personal data protection, provisions related to the treatment of games of chance ("loot boxes"), provisions on staff working hours and overtime, reporting and disclosure obligations and taxation. Changes in such laws and regulations, particularly in relation to access requirements, consumer protection, taxation or other aspects of the group's business, or those of any of its competitors, could have a materially adverse effect on the group's business, financial condition or operational results.

Furthermore, if MTG does not provide regular and sufficient training on regulatory compliance matters to group staff, employees may expose the group to the risk of penalties through non-compliant behavior.

Financing risks

MTG has been reliant on access to financing during the year and is thereby exposed to risks associated with disruptions in the financial markets, which could make it more difficult and more expensive to obtain financing in the future. Potential events affecting this may include the adoption of new regulations, the implementation of recently enacted laws, or new interpretations or enforcement of existing laws and regulations applicable to financial institutions, the financial markets, or the financial services industry, which could result in a reduction in the amount of available credit or increases in the cost of credit.

External borrowing is managed centrally in accordance with the group's financial policies. Loans are primarily taken up by the parent company and transferred to its subsidiaries as internal loans or capital injections. From time to time, some of the companies may have external minor loans or overdraft facilities.

Financial policy

The group's financial risk management is centralized to the parent company to capitalize on economies of scale and synergy effects and minimize operational risks. The group's financial policy is subject to review and approval by the Board of Directors and constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The group's financial risks are continuously evaluated and monitored to ensure compliance with the group's financial policy. The exposures are described in Note 21.

Foreign exchange risk

Foreign exchange risk is divided into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is not hedged.

Translation exposure

Translation exposure arises from the translation of the group's subsidiaries and associated companies' earnings and balance sheets into the Swedish krona reporting currency from other currencies. Since many of the subsidiaries report in currencies other than Swedish krona, the group is exposed to exchange rate fluctuations. Translation exposure is not hedged.

Interest rate risk

MTG's sources of funding are primarily shareholders' equity, loans and cash flows from operations. Interest-bearing debt exposes the group to interest rate risk. The group does not currently use derivative financial instruments to hedge its interest rate risks.

Refinancing risk

The refinancing risk, if applicable, is managed by seeking to diversify funding sources and maturities and by typically initiating the refinancing of all loans 12 months prior to maturity.

Credit risk

The credit risk with respect to MTG's trade receivables is diversified among a large number of customers, both private individuals and companies. High credit ratings are required for all material credit sales and solvency information is obtained to reduce the risk of bad debt.

Insurable risks

The parent company ensures that the group has sufficient insurance cover for director and officer liability. Other forms of insurance, such as insurance against business interruptions, and travel insurance, are covered in local insurance solutions in each subgroup or company.

GOVERNANCE AND RESPONSIBILITIES

Corporate Governance

Corporate Governance in MTG is based on Swedish legislation, Nasdaq Stockholm's Nordic Main Market Rulebook for issuers of Shares (the "Rulebook") and the Swedish Code of Corporate Governance (the "Code"), see www.corporategovernanceboard.se. MTG complied with the Code and did not report any deviations from the Code in 2021. Further, there has been no infringement by MTG of applicable stock exchange rules and no breach of generally accepted principles in the securities market reported by the Disciplinary Committee of Nasdaq Stockholm or the Swedish Securities Council in 2021.

Shareholders

For information about the ownership structure, share capital and the MTG share, please refer to the section "The MTG share" on pages 51-54.

Information regularly provided to shareholders includes interim reports and full year reports, Annual Reports and press releases on significant events occurring during the year. All such reports, press releases and other information can be found at www.mtg.com under News.

Annual General Meeting

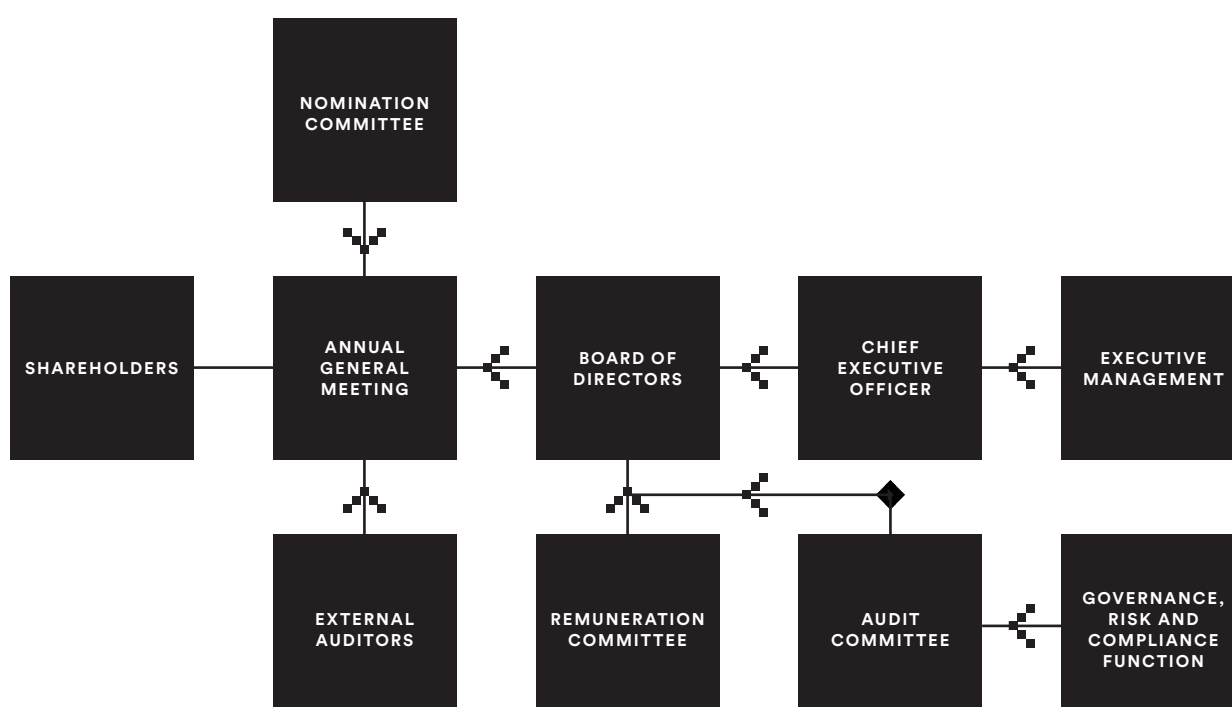
The Swedish Companies Act (2005:551) (the "Swedish Companies Act"), the Act (2020:198) on Temporary Exceptions to Facilitate the Execution of General Meetings in Companies and other Associations implemented due to the corona-pandemic, and the Articles of Association determine how Annual General Meeting and Extraordi-

nary General Meetings are convened and who has the right to participate in and vote at the meeting. There are no restrictions on the number of votes each shareholder may cast at the general meeting. Class A shares confer a right to ten votes, whereas Class B and Class C shares confer a right to one vote. The 2020 Annual General Meeting resolved to amend the Articles of Association to allow the Board of Directors to decide that shareholders shall have the right to provide their votes by post before the general meeting, also following expiration of the temporary legislation.

The Nomination Committee

The Nomination Committee consists of members appointed by some of MTG's largest shareholders, and its responsibilities include:

- To evaluate the Board of Directors' work and composition
- To submit proposals to the Annual General Meeting regarding the election of the Board of Directors and the Chairman of the Board
- To prepare proposals regarding the election of Auditors in cooperation with the Audit Committee (when appropriate)
- To prepare proposals regarding the fees to be paid to the Board of Directors and to the company's Auditors
- To prepare proposals for the Chairman of the Annual General Meeting
- To prepare proposals for the procedure of appointing the Nomination Committee for next Annual General Meeting



In accordance with the procedure adopted by the 2019 the Annual General Meeting of MTG, a Nomination Committee was convened to prepare proposals for the 2022 Annual General Meeting. The Nomination Committee comprises Klaus Roehrig, appointed by Active Ownership Corporation; Joachim Spetz, appointed by Swedbank Robur Funds; Eric Sibbern, appointed by Kabouter Management, LLC and Simon Duffy, the Chairman of the Board. The three shareholders who have appointed representatives to the Nomination Committee hold approximately [20.9] percent of the total voting rights in MTG. In line with past practices, the members of the Nomination Committee appointed Klaus Roehrig, representing the largest shareholder on the last business day of August 2021, as the Committee Chairman. Information about how shareholders can submit proposals to the Nomination Committee has been published on www.mtg.com, where the Nomination Committee's reasoned statement regarding its proposal to the Annual General Meeting. A brief presentation of its work will also be published well in advance of the 2022 Annual General Meeting. In its work, the Nomination Committee applies rule 4.1 of the Code as its diversity policy. Accordingly, the Nomination Committee gives particular consideration to the importance of an increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines. Further information may be found in the Nomination Committee's reasoned statement regarding the proposal for the Board which was given in connection with the 2021 Annual General Meeting.

The Board of Directors

Board members are elected at the Annual General Meeting for a period ending at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to the eligibility of Board members. According to the Articles of Association, the number of Board members can be no less than three and no more than nine members elected by shareholders. The Board of Directors of MTG comprises seven Non-Executive Directors. The members of the Board of Directors are Simon Duffy, Natalie Tydeman, Gerhard Florin, Marjorie Lao, Chris Carvalho, Dawn Hudson and Simon Leung. At the 2021 Annual General Meeting, Simon Duffy, Gerhard Florin, Natalie Tydeman, Marjorie Lao, Chris Carvalho and Dawn Hudson were re-elected as Board members and Simon Leung was elected as a new Board member. The Annual General Meeting further elected Simon Duffy as Chairman of the Board of Directors. In 2021, the Board of Directors of MTG complied with the Code's provision that the majority of members shall be independent in relation to the company and its management, and that at least two of them also shall be independent in relation to the company's major shareholders (i.e. those with a holding exceeding 10 percent). Biographical information on each Board member is provided on pages 62-64.

Responsibilities and Duties of the Board of Directors

MTG's Board of Directors is responsible for the overall strategy of the group and for organizing its administration in accordance with the Swedish Companies Act and the Code. The Board's work and delegation procedures, instructions for the Chief Executive Officer, and reporting instructions are updated and approved annually in connection with the Board of Director's Q4 meeting in December. As in previous years, a Remuneration Committee and an Audit Committee have been established within the Board. These committees are preparatory bodies of the Board and do not reduce the

Board's overall responsibility for the governance of the company and decisions taken.

The work of the Board

During the year, the Board of Directors held 15 meetings (including the constituent meeting in connection with the 2021 Annual General Meeting but excluding meetings held by circulating minutes). Prior to each ordinary Board meeting, the members receive a written agenda, based on the Board's established rules of procedure, and a complete set of documents for information and decision-making. Recurring items include the company's financial results and position, the market situation, investments and adoption of the financial statements. Reports from the Audit and Remuneration Committees, as well as reports on internal control and financing activities, are also regularly addressed. The Chief Executive Officer presents matters for discussion at the meetings, and the Company's CFO and other members of management also participate and present specific matters. The Group General Counsel is the Board's secretary. The attendance of Board members at Board and committee meetings is presented in the table on page 64. Important issues addressed during the year include strategic issues, with a particular focus on M&A and financing (including debt and capital raisings).

Ensuring Quality in Financial Reporting

The reporting instructions adopted annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the group as a whole and the entities within the group. The Board also reviews, primarily through the Audit Committee, the most important accounting principles applied by the group in its financial reporting, as well as major changes to these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as reports submitted by the group's governance, risk and compliance (GRC) function. The group's external auditors report to the Board as necessary. The external auditor also attends the meetings of the Audit Committee. Minutes are taken at all meetings and are made available to all Board members and to the auditor.

Evaluation of the Board of Directors and the Chief Executive Officer

The Board complies with an annual performance review process to assess how well the Board, its committees and its processes are functioning and how they might be improved. Questions focus on whether the Board is adding value to the organization and on enhancing its performance through the examination of the Board's structure and composition, its operation and effectiveness, and its role in monitoring the execution of agreed strategies. The survey also includes an individual performance review. Answer options include both a quantitative ranking system as well as an opportunity to provide relevant comments, particularly in relation to ideas for improvement. At the Q4 Board meeting the Chairman provides the full Board with a report of the outcome of the Board evaluation process. This summary is also presented by the Chairman and discussed with the Nomination Committee. In addition, every three years a more extensive Board evaluation is typically undertaken, either by an independent Board member or an external consultant. In 2021, the Chairman of the Board led the evaluation together with an external

consultant, who assisted in developing questionnaires, carrying out surveys and interviews and summarizing responses.

Remuneration Committee

The Remuneration Committee comprises Gerhard Florin as Chairman, Natalie Tydeman and Dawn Hudson. The Remuneration Committee's assignments are stipulated in Chapter 9.1 of the Code and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the senior executives. Minutes are kept at the Remuneration Committee's meetings and are made available to the Board.

Audit Committee

The Audit Committee comprises Marjorie Lao as Chairman, Chris Carvalho and Simon Leung. The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. These tasks include monitoring MTG's financial reporting and the efficiency of MTG's internal controls, as well as maintaining frequent contacts with the external auditor and the group's Governance, Risk and Compliance Director. The Audit Committee's work primarily focuses on the quality and accuracy of the group's financial accounting and the accompanying reporting, as well as the internal financial controls within MTG. Furthermore, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of relevant accounting policies and requirements, discusses other significant issues connected with MTG's financial reporting and reports its observations to the Board. Minutes are kept at the Audit Committee's meetings and are made available to the Board.

Remuneration of Board Members

The remuneration to the Board members for Board work and work in the committees of the Board is proposed by the Nomination Committee and approved by the Annual General Meeting. The Nomination Committee proposal is based on benchmarking of peer group company compensation and company size. Information on the remuneration to Board members is provided in Note 25. Board members do not participate in the group's incentive plans.

External Auditors

KPMG was elected as MTG's auditor for the financial year 2021 for a term of office ending at the end of the 2022 Annual General Meeting with Authorized Public Accountant Helena Nilsson being re-appointed as auditor-in-charge. Audit assignments have involved the examination of the Annual Report and financial accounting, the administration by the Board and the CEO, other tasks related to the duties of a company auditor, and consultation or other services that may result from observations noted during such examination or the implementation of such other tasks. All other tasks are defined as other assignments. The auditor reports its findings to the shareholders by means of the auditors' report, which is presented to the Annual General Meeting. In addition, the auditors' report detailed findings at each of the ordinary meetings of the Audit Committee and to the full Board as necessary. KPMG provided certain additional services in 2021. These services comprised work in relation to the divestment of ESL Gaming, MTG's rights issue effected in the beginning of 2021, tax compliance work, advice on accounting issues, and advice on processes and internal controls and other assignments of a similar kind and closely related to the auditing process. For more detailed information concerning the auditors' fees, see Note 26.

Pre-approval of Policies and Procedures for Non-audit related Services

In order to ensure the auditor's independence, the Audit Committee has established pre-approval policies and procedures for non-audit related services to be performed by the external auditor. The policy was approved in November 2021 by the Audit Committee.

Executive Management

At year-end 2021, the members of the Executive Management in MTG included Chief Executive Officer Maria Redin, Chief Financial Officer and EVP Communications & Investor Relations Lars Torstensson, EVP Esports & Gaming Arnd Benninghoff and Group General Counsel Johan Levinsson. In August 2021, MTG announced that Lars Torstensson will step down as Chief Financial Officer due to personal and family reasons, but remain as EVP Communications & Investor Relations (until a new Chief Financial Officer has joined the company, Lars Torstensson will uphold his responsibilities as Chief Financial Officer with the support of Maria Redin). Biographical information, including shareholding as of 31 December 2021, on each member of the Executive Management Team is provided on page 65.

Chief Executive Officer

The CEO is responsible for the ongoing management of the Company in accordance with the instructions established by the Board. In consultation with the Chairman of the Board, the CEO prepares the information and documentation required as a basis for the work of the Board and in order to enable Board members to make well-informed decisions. The CEO is supported by the Executive Management Team. The Board evaluates the performance of the CEO on a regular basis. The Board also held one meeting to evaluate the CEO's performance, without the attendance of the CEO or any other member of management. The CEO and the Executive Management Team, supported by the various employee functions, are responsible for the adherence to the group's overall strategy, financial and business control, financing, capital structure, risk management and M&A. Among other tasks, this includes the preparation of financial reports and communication with the stock market. The Company policies issued include the code of conduct and the policies on anti-bribery and corruption, risk management and financial control.

Executive remuneration

The existing guidelines for remuneration to senior executives approved at the 2021 Annual General Meeting can be found in Note 25 for the group. These guidelines apply to the Executive Management Team.

For further information on certain remuneration matters, reference is made to the Board of Directors' 2021 Remuneration Report, which is available on www.mtg.com.

INTERNAL CONTROL REPORT

MTG's internal controls, risk assessment, information and communication processes and monitoring of financial reporting have been designed to result in reliable financial reporting and external financial statements prepared in accordance with International Financial Reporting Standards, applicable laws and regulations and other requirements for companies listed on Nasdaq Stockholm. These processes involve the The Board of Directors, the Executive Management Team and other personnel.

Control environment

The Board of Directors has issued a set of instructions that set out the roles and responsibilities of the Chief Executive Officer and the Board committees. The Board also has a number of established basic guidelines which are important for its work on internal control activities. This includes monitoring performance against plans and prior years. The Audit Committee assists the Board in overseeing various issues such as monitoring internal audit and establishing accounting policies applied by the group.

The responsibility for maintaining an effective control environment and internal control over financial reporting is delegated to the Chief Executive Officer. Other Executive Managers at various levels have respective responsibilities. The Executive Management regularly reports to the Board according to established routines and in addition to the Audit Committee's reports. Defined responsibilities, routines, instructions, guidelines, manuals and policies together with laws and regulations form the control environment. All employees are accountable for adhering to these requirements.

Risk assessment and control activities

The Company has assessed risks in all group companies, segments and business units following a structured methodology. Where risk exposure has been deemed unacceptable by the management, risk mitigation measures have been formulated and implemented. A summary of the key risks is presented annually to the Board of Directors and the Audit Committee. Overall coordination of the risk management process is provided centrally by the group's governance, risk and compliance function. The most important risks for esports involve continued access to specific skills and talent, the ongoing uncertainty around the ability to hold live events due to the Covid-19 pandemic and the difficulties associated with transforming business processes towards online events. The main risks for gaming companies are regarding availability of staff with specific skills, tightening restrictions on the use of personal data, and dependence on large content distribution platforms. Operational managers are responsible for risk management in the group's companies, segments and business units. This responsibility encompasses the day-to-day work focused on operational and other relevant risks and on leading risk management activities in their own areas of responsibility. The managers are supported in their risk management efforts by central group functions, as needed.

Information and communication

Guidelines used in the Company's financial reporting are updated and communicated to the employees concerned on an ongoing basis. There are formal as well as informal information channels to the Executive Management Team and the Board of Directors for information from the employees identified as significant. Guidelines for external communication ensure that the Company applies the highest standards for providing accurate information to the capital markets.

Review

The Board of Directors regularly evaluates the information provided by the Executive Management Team and the Audit Committee. The Board receives regular updates on the group's performance between the meetings. The group's financial position, strategy and investments are discussed at every Board meeting. The Audit Committee reviews the quarterly reports prior to publication. The Audit Committee is also responsible for following up on internal control activities. This work includes ensuring that measures are taken to deal with any inaccuracies and following up on suggestions for improvement coming from the external audits.

The Company has a governance, risk and compliance (GRC) function responsible for the evaluation of risk management and internal control activities. This work includes scrutinizing the application of established routines and guidelines and, where needed, assisting with the design and implementation of additional control procedures. The GRC function plans its work in cooperation with the Audit Committee and reports the result of its efforts to the Audit Committee.

The external auditors report to the Audit Committee at ordinary Committee meetings when relevant.

Internal Audit

Given the risk assessment described above and how the control activities are designed, including self-assessment and in-depth analysis of the internal controls, the Board of Directors has chosen not to maintain a specific internal audit function. Given the separation between functions designing and operating internal controls, the Board of Directors believes that the Company's GRC function is sufficiently independent to conduct internal audits as part of its broader responsibilities.

BOARD OF DIRECTORS



Simon Duffy
Chairman of the Board
British, born 1949
Elected 2008

Simon was Executive Chairman of Tradus plc until the company's sale in March 2008 and Executive Vice-Chairman of ntl:Telewest until 2007, having joined ntl in 2003 as CEO. Simon has also served as CFO of Orange SA, CEO of wireless data specialist End2End AS, CEO and Deputy Chairman of WorldOnline International BV and Deputy Chairman and CFO of EMI Group plc.

Simon is the non-executive Chairman of You-View TV Ltd and a non-executive director of Nordic Entertainment Group AB and of Avianca Group International Limited. He also serves as the Chair of the Board of Governors

of Manchester Metropolitan University. Simon holds a Master's degree from Oxford University and an MBA from Harvard Business School.

Independent of the Company and management and independent of the major shareholders.

Direct or related party ownership: 12,000 MTG Class B shares per December 31, 2021.



Chris Carvalho
Non-Executive Director
American, born 1965
Elected 2020

Chris Carvalho has vast experience as a board member and advisor of several gaming and start-up companies. Chris spent four years between 2010-2013 as Chief Operating Officer at Kabam and ten years at Lucasfilm where he headed up business development, and eventually ran the company's internet division, StarWars.com. Chris has also been a board member in G5 Entertainment, the worldwide developer and publisher of free-to-play mobile games listed on Nasdaq Stockholm.

Chris is currently a Board member of Roblox, Rogue Games and MTG Gaming

AB (a MTG subsidiary) as well as an advisor to various startups at the intersection of entertainment and technology. Chris holds an MBA from the UCLA Anderson School of Management and a Bachelor of Science from the University of California, Berkeley.

Member of the Audit Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related party ownership: 2,500 MTG Class B shares per December 31, 2021.



Dawn Hudson
Non-Executive Director
American, born 1957
Elected 2020

Between 2014-2018 Dawn was Executive Vice President and Chief Marketing Officer for the National Football League (NFL) where her responsibilities included building the NFL brand and oversaw planning and execution of all major NFL events. Prior to joining the NFL, Dawn was Vice Chairman of the strategy consultancy company Parthenon Group, where she built and oversaw Parthenon's consumer practice focused on the food, beverage and restaurant sectors, and for more than 10 years she held senior positions at PepsiCo including President and CEO of Pepsi-Cola North America and CEO of PepsiCo Foodservices.

Dawn Hudson is currently a Board member of NVIDIA, a visual computing company focused on among other things gaming,

listed on Nasdaq in the U.S., Board member and member of the Governance Committee of Interpublic Group, one of the world's leading advertising and marketing services companies, listed on New York Stock Exchange and member of the Board and Compensation Committee of Rodan and Fields. Dawn has a Bachelor of Arts in English from Dartmouth College.

Member of the Remuneration Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related party ownership: 2,630 MTG Class B shares per December 31, 2021.



Gerhard Florin
Non-Executive Director
German, born 1959
Elected 2018

Gerhard has spent over 20 years in the entertainment and gaming industry. Gerhard previously served on the Boards of Codemasters plc, Funcom, Kobojo and King Digital Entertainment, and was Chairman of the latter between 2014 and 2016. Between 2006 and 2010, Gerhard served as an Executive Vice President and General Manager of Publishing at Electronic Arts, being responsible for the company's worldwide publishing business, prior to which he held various positions in Electronic Arts' German and British operations. Before joining Electronic Arts, Gerhard worked at Bertelsmann Music Group and McKinsey.

Gerhard is currently Chairman of the Board of MTG's subsidiary MTG Gaming AB as well as member of the Board of InnoGames GmbH (another MTG subsidiary). Gerhard holds Masters and PhD degrees in Macro Economics from the University of Augsburg in Germany.

Chairman of the Remuneration Committee.

Independent of the Company and management, and independent of major shareholders.

Direct or related party ownership: 0 MTG shares per December 31, 2021.



Marjorie Lao
Non-Executive Director
Philippines, born 1974
Elected 2020

Marjorie Lao was the CFO of the LEGO Group from 2017 to 2020, where she oversaw the company's global operations with a broad mandate covering the traditional CFO role, as well as Legal, Government and Public Affairs, and Social and Environmental Responsibility. From 2014 to 2016, she was the Senior Vice President of Finance. Before joining the LEGO Group, from 2006 to 2010, Marjorie was the CFO of Tandberg ASA, a publicly listed company in the Oslo Stock Exchange, before it was acquired by Cisco. She also held senior finance, strategy and business development positions at Cisco from 2010 to 2012, McKinsey from 2002 to 2005, and Procter & Gamble from 1996 to 2000.

itech International, a member of the Board of Directors (Vice Chair) and Chair of the Audit Committee of MyTheresa Netherlands, a member of the Board of Directors of Sitecore as well as a member of the Europe Advisory Board of Harvard Business School. Marjorie holds an MBA from Harvard Business School and a Bachelor of Science from the University of Philippines.

Chairman of the Audit Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related party ownership: 0 MTG shares per December 31, 2021.

She is currently a member of the Board of Directors and the Audit Committee of Log-



Natalie Tydeman
Non-Executive Director
British, born 1971
Elected 2017

Natalie is a Senior Investment Director at Kinnevik AB (publ), focused on investing in growth stage technology businesses, and sits on the boards of a number of Kinnevik portfolio companies. Prior to Kinnevik, Natalie spent 8 years as a Partner and then Senior Partner at GMT Communications Partners, one of Europe's leading private equity specialists in the media and communications sectors. Earlier in her career, Natalie helped launch Excite in Europe, built Discovery Communications' European digital media operations, was Managing Director of Fox Kids Europe's Online & Interactive division, and led Fremantle Media's business diversification and corporate venturing activities as Senior Vice President.

Natalie is also a board member of Nordic Entertainment Group. Natalie holds a Bachelor of Arts in Mathematics from the University of Oxford and an MBA from Harvard Business School.

Member of the Remuneration Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related party ownership: 0 MTG shares per December 31, 2021.



Simon Leung
Non-Executive Director
Canadian, born 1954
Elected 2021

Simon Leung is currently based in Hong Kong and has extensive experience working with international companies and leading their operations in Greater China and the Asian Pacific region. He served as Microsoft's Chairman and CEO of Greater China region, 2008 to 2012 and was President of Motorola Asia-Pacific, 1999 to 2008. Simon currently serves as the Vice Chairman and Executive Director of Net-Dragon Websoft Holdings Limited, a publicly listed leader in building and scaling up multiple internet and mobile platforms; this includes China's number one online gaming portal, 17173.com and China's most influential smartphone app store platform, 91 Wireless, which is now owned by Baidu. He also chairs Edmodo, Inc., an e-learning technology start-up; JumpStart Games, Inc., a family interactive entertainment company; and Promethean World Limited, an interactive technology company focused on the education sector.

Simon Leung received his Bachelor of Arts degree and an Honorary Doctorate in laws from the University of Western Ontario, Canada in 1978 and 2005, respectively, and a Doctorate in Business Administration from Hong Kong Polytechnic University in 2007.

Member of the Audit Committee.

Independent of the Company and management and independent of the major shareholders.

Direct or related party ownership: 0 MTG shares per December 31, 2021.

Board of Directors and attendance at Board and Committee meetings 1 January 2021 – 31 December 2021

Board of Directors	Board meeting attendance ¹⁾	Audit Committee attendance ²⁾	Remuneration Committee attendance ³⁾	Independent of major shareholders	Independent of company and its management
Simon Duffy	15/15	3/7 (until resignation, 3/3)	-	Yes	Yes
Natalie Tydeman	14/15	-	3/3	Yes	Yes
Gerhard Florin	15/15	-	3/3	Yes	Yes
Marjorie Lao	15/15	7/7	-	Yes	Yes
Chris Carvalho	15/15	7/7	-	Yes	Yes
Dawn Hudson	15/15	3/7 (until resignation, 3/3)	2/3 (since appointment, 2/2)	Yes	Yes
Simon Leung ⁴⁾	7/15 (since appointment, 7/9)	4/7 (since appointment, 4/4)	-	Yes	Yes
David Chance ⁵⁾	6/15 (until resignation, 6/6)	-	1/3 (until resignation, 1/1)	Yes	Yes

1) The total number of meetings of the Board of Directors during 2021 were 15 (including the constituent meeting following the Annual General Meeting held 18 May 2021 but excluding meetings held by circulating minutes), of which six were held prior to the 2021 Annual General Meeting and nine were held following the 2021 Annual General Meeting.

2) The total number of meetings of the Audit Committee during 2021 were seven, of which three were held prior to the 2021 Annual General Meeting and four were held following the 2021 Annual General Meeting.

3) The total number of meetings of the Remuneration Committee during 2021 were three, of which one was held prior to the 2021 Annual General Meeting and two were held following the 2021 Annual General Meeting.

4) Simon Leung was elected as new Director of the Board of Directors at the Annual General Meeting held on 18 May 2021 and could therefore only attend a maximum of nine Board of Directors meetings and four Audit Committee meetings, respectively, during 2021.

5) David Chance resigned from his position as Chairman of the Board of Directors in connection with the Annual General Meeting held on 18 May 2021 and could therefore only attend a maximum of six Board of Directors meetings and one Remuneration Committee meeting, respectively, during 2021.

GROUP MANAGEMENT



Maria Redin
CEO

Maria was appointed Chief Executive Officer in September 2020. She previously served as Chief Financial Officer from December 2015 (and acting Chief Financial Officer from June to November 2015). She has also held a number of senior positions at MTG, including Head of Group Finance and Group Controller. Her roles in the group have included the positions of CFO, and later CEO, of MTG's former gaming entertainment company Bet24, as well as a number of financial positions, and she

started her career at MTG as a management trainee in 2004. Maria was previously a Member of the Board of Directors at NetEnt. She holds a Master's degree in International Business from the University of Gothenburg.

Direct or related party ownership: 20,966 MTG Class B shares and 58,284 warrants of series 2019/2022 as per December 31, 2021.



Lars Torstensson
CFO and EVP Communications
& Investor Relations

In addition to being Head of Communications & Investor Relations since June 2019, Lars was appointed as Chief Financial Officer in September 2020. Prior to joining MTG, Lars served as Chief Communications Officer at Swedish listed consulting company Sweco AB and has held communications, investor relations, strategy and business development positions at Gelato AS and Tele2 Group. He previously worked

at Swedbank Robur and Handelsbanken Asset Management. Lars holds a Master of Science in Business Administration from Jönköping International Business School.

Direct or related party ownership: 17,060 MTG Class B shares and 25,904 warrants of series 2019/2022 as per December 31, 2021.



Arnd Benninghoff, EVP
Esport & Gaming

Arnd joined MTG in November 2014 and leads MTG's strategic investments in esports and gaming. Prior to joining MTG, Arnd worked as Chief Digital Officer for Digital & Adjacent at ProSiebenSat.1 Media AG, and as Managing Director of SevenVentures, the group's venture arm. Arnd has also been CEO of Holtzbrinck eLAB, the incubator of the Holtzbrinck Publishing Group, founded and built fifteen companies, and held various management roles at Tomorrow Focus AG. He

started his career as a journalist, working for Deutsche Presse Agentur and TV networks. Arnd was previously a member of the Board of Directors of Edgware AB. He is a graduate ("Diplom-Kaufmann") in Business and Administration from the University of Münster.

Direct or related party ownership: 27,700 MTG Class B shares as per December 31, 2021.



Johan Levinsson
Group General Counsel

Johan was appointed MTG Group General Counsel in May 2018. He joined MTG in February 2017 as Head of Legal – M&A and Corporate Legal Affairs of the group, prior to which he worked for 11 years in private practice at law firms Roschier, Ashurst (including a 7 months secondment to Ashurst's London office) and Hamilton. He holds a Master of Laws (LL.M) from Uppsala University.

Direct or related party ownership: 2,072 MTG Class B shares and 14,247 warrants of series 2019/2022 as per December 31, 2021.

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CONSOLIDATED INCOME STATEMENT

(SEK million)	Note	2021	2020
Net sales	3, 4	5,306	3,997
Cost of goods and services		-2,723	-1,777
Gross income		2,583	2,219
Selling expenses		-1,132	-1,062
Administrative expenses		-1,280	-1,130
Other operating income	6	37	32
Other operating expenses	6	-24	-16
Share of earnings in associated companies and joint ventures	7	-1	1
Items affecting comparability	10	-	-9
Operating income	3, 4, 5, 11, 12, 23, 25, 26, 28	184	35
Net interest	8	-25	-8
Other financial items	8	-423	54
Income before tax		-264	81
Tax expenses	9	-191	-177
Net income for the year		-454	-96
Total net income for the year, attributable to:			
Equity holders of the parent company		-400	-228
Non-controlling interest		-54	132
Total net income for the year		-454	-96
Total operations			
Total basic earnings per share (SEK)	16	-3.85	-2.99
Total diluted earnings per share (SEK)	16	-3.85	-2.99
Number of shares¹⁾			
Shares outstanding at the end of the period		110,385,832	76,190,509
Basic average number of shares outstanding	16	103,786,751	76,190,509
Diluted average number of shares outstanding	16	103,942,052	76,190,509

1) Retrospectively adjusted due to rights issue.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK million)	Note	2021	2020
Net income for the year		-454	-96
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss net of tax:</i>			
Change in currency translation differences	17	704	-314
Other comprehensive income		704	-314
Total comprehensive income for the year		250	-410
Attributable to:			
Equity holders of the parent company		160	-421
Non-controlling interest		90	11
Total comprehensive income for the year		250	-410

CONSOLIDATED BALANCE SHEET

(SEK million)	Note	Dec 31, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
<i>Intangible assets</i>	11		
Capitalized expenditure		1,391	621
Trademarks		1,271	851
Customer relations		632	502
Goodwill		11,032	6,078
Total intangible assets		14,326	8,052
<i>Property, plant and equipment</i>	12		
Machinery		20	12
Equipment, tools and installations		99	92
Total tangible assets		119	104
<i>Right-of-use assets</i>	23	123	129
<i>Non-current financial assets</i>			
Shares and participations in associated companies and joint ventures	7	22	20
Receivables from associated companies		0	0
Shares and participations in other companies	21	481	252
Other non-current receivables		68	23
Total non-current financial assets		570	295
Deferred tax assets	9	243	219
Total non-current assets		15,381	8,799
Current assets			
<i>Inventories</i>			
Finished goods and merchandise		10	11
Total inventories		10	11
<i>Current receivables</i>			
Accounts receivable	14	754	465
Tax receivables		30	35
Other receivables, non interest-bearing		120	142
Prepaid expenses and accrued income		197	194
Total current receivables		1,102	837
Cash and cash equivalents		943	1,153
Total current assets		2,054	2,000
Total assets		17,436	10,800

(SEK million)	Note	Dec 31, 2021	Dec 31, 2021
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	17		
Share capital		585	338
Paid-in capital		5,705	1,783
Translation reserve		300	-260
Revaluation reserve		-12	-12
Retained earnings including net income for the year		1,424	1,991
Total equity attributable to equity holders of the parent company		8,002	3,841
Non-controlling interest			
Non-controlling interest		1,921	1,375
Total equity		9,923	5,216
Non-current liabilities	21		
<i>Interest-bearing</i>			
Liabilities to financial institutions		900	-
Lease liabilities	23	83	90
Total non-current interest-bearing liabilities		983	90
<i>Non-interest bearing</i>			
Deferred tax liabilities	9	784	501
Provisions	18	171	205
Contingent consideration	21	1,994	589
Total non-current non-interest-bearing liabilities		2,949	1,295
Total non-current liabilities		3,932	1,385
Current liabilities	21		
<i>Interest-bearing</i>			
Liabilities to financial institutions		1,000	1,800
Lease liabilities	23	42	42
Other interest-bearing liabilities		743 ²⁾	1,144 ¹⁾
Total current interest-bearing liabilities		1,785	2,986
<i>Non-interest-bearing</i>			
Advances from customers		13	72
Accounts payable	21	483	253
Tax liabilities		26	20
Provisions	18	7	17
Contingent consideration	21	325	11
Other liabilities		122	154
Accrued expenses and deferred income		820	686
Total current non-interest-bearing liabilities		1,796	1,213
Total current liabilities		3,581	4,199
Total liabilities		7,513	5,584
Total equity and liabilities		17,436	10,800

1) Current debt in the form of a vendor note in connection with the acquisition of an additional 17 percent of the shares in InnoGames in December 2020, repaid in March 2021.

2) Liability for acquisition of the remaining 23% of PlaySimple SEK 743 million.

For information about pledged assets and contingent liabilities, see Note 20.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to the equity holders of the parent company

(SEK million)	Share capital	Paid-in capital	Translation reserve	Revaluation reserve	Retained earnings incl. net income for the year	Total	Non-controlling interest	Total equity
Balance as of January 1, 2020	338	1,797	-67	-12	3,123	5,179	1,402	6,581
Net income for the year					-228	-228	132	-96
Other comprehensive income			-193			-193	-121	-314
Total comprehensive income for the year 2020			-193		-228	-421	11	-410
Effect of employee share programs					-1	-1		-1
Change in non-controlling interests Gaming					-421	-421	421	0
Change in non-controlling interests ESL					-194	-194	194	0
Cancellation of non-controlling interest put option liability ESL					315	315		315
Agreement to settle acquired operations with shares		81				81		81
Acquisition of non-controlling interests Innogames					-697	-697	-465	-1,162
Dividends to non-controlling interests							-188	-188
Transfer within equity		-94			94	0		0
Balance as of December 31, 2020	338	1,783	-260	-12	1,991	3,841	1,375	5,216
Balance as of January 1, 2021	338	1,783	-260	-12	1,991	3,841	1,375	5,216
Net income for the year					-400	-400	-54	-454
Other comprehensive income			560			560	143	704
Total comprehensive income for the year 2021			560		-400	160	90	250
Capital injection and change in non-controlling interest Gaming					-143	-143	457	314
New share issue	247	3,921				4,168		4,168
Repurchase of shares					-32	-32		-32
Effect of employee share programs					8	8		8
Balance as of December 31, 2021	585	5,705	300	-12	1,424	8,002	1,921	9,923

For information about changes in equity for the group, see Note 17.

CONSOLIDATED STATEMENT OF CASH FLOW

(SEK million)	Note	2021	2020
Cash flows from operating activities			
Net income for the year		-454	-96
Adjustments to reconcile net income/loss to net cash provided by operations	22	1,073	535
Cash flows from operating activities		619	439
Taxes paid		-286	-199
<i>Changes in working capital</i>			
Increase (-)/decrease (+) inventories		1	10
Increase (-)/decrease (+) other current receivables		-174	186
Increase (+)/decrease (-) accounts payable		186	-6
Increase (+)/decrease (-) other current liabilities		-40	-160
Total change in working capital		-27	30
Net cash flows from operating activities		306	270
Investing activities			
Investment in other non-current assets		-252	-208
Acquisitions of subsidiaries, associates	28	-2,799	-2,202
Acquisitions of other companies		-29	-61
Earn-out payments		-260	-
Other cash flows from investing activities		-32	0
Cash flows from investing activities		-3,372	-2,471
Financing activities			
New borrowings	21	1,900	1,800
Loan repayments	21	-1,800	-
Repayment vendor note		-1,142	-
New share issue		3,605	-
Capital injection from non-controlling interest		314	-
Decrease of other long-term receivables		-14	-15
Lease payments		-47	-41
Dividends to shareholders with non-controlling interest		-	-188
Cash flows from financing activities		2,815	1,557
Cash flows from the year		-251	-644
Cash and cash equivalents at beginning of year		1,153	1,824
Translation differences in cash and cash equivalents		41	-27
Cash and cash equivalents at end of year		943	1,153

PARENT COMPANY INCOME STATEMENT

(SEK million)	Note	2021	2020
Net sales		15	16
Gross income		15	16
Administrative expenses		-121	-156
Operating loss	25, 26	-106	-140
Profit from shares in subsidiaries	8	0	0
Interest income and other financial income	8	17	1
Interest expenses and other financial costs	8	-27	-34
Income before tax and appropriations		-117	-173
Group contribution		-21	92
Untaxed reserves, tax allocation reserve		43	72
Income before tax		-94	-9
Tax expenses	9	-	-
Net income for the year		-94	-9

Net income for the year coincides with Total comprehensive income for the parent company.

PARENT COMPANY BALANCE SHEET

(SEK million)	Note	Dec 31, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
<i>Intangible assets</i>	11		
Capitalized expenditure		0	0
Total intangible assets		0	0
<i>Property, plant and equipment</i>	12		
Equipment, tools and installations		2	2
Total tangible assets		2	2
<i>Non-current financial assets</i>			
Shares and participations in group companies	13	11,372	7,813
Total non-current financial assets		11,372	7,813
Total non-current assets		11,374	7,815
Current assets			
<i>Current receivables</i>			
Receivables from group companies		252	192
Tax receivables		1	3
Other receivables		8	13
Prepaid expense and accrued income	15	4	9
Total current receivables		265	216
Cash and cash equivalents		167	516
Total current assets		432	733
Total assets		11,806	8,548

(SEK million)	Note	Dec 31, 2021	Dec 31, 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	17		
<i>Restricted equity</i>			
Share capital		585	338
Total restricted equity		585	338
<i>Non-restricted equity</i>			
Premium reserve		4,273	351
Retained earnings		4,915	4,956
Net income for the year		-94	-9
Total non-restricted equity		9,094	5,299
Total shareholders' equity		9,679	5,637
Untaxed reserves, tax allocation reserve		-	43
Non-current liabilities			
<i>Interest-bearing</i>	21		
Liabilities to financial institutions		900	-
Total non-current interest-bearing liabilities		900	-
Current liabilities			
<i>Interest-bearing</i>			
Liabilities to group companies		185	994
Liabilities to financial institutions	21	1,000	1,800
Total current interest-bearing liabilities		1,185	2,794
<i>Non-interest-bearing</i>			
Accounts payable		14	15
Other liabilities		3	2
Accrued expense and deferred income	19	25	57
Total current non-interest-bearing liabilities		42	74
Total current liabilities		1,227	2,868
Total liabilities		2,127	2,911
Total shareholders' equity and liabilities		11,806	8,548

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(SEK million)	Share capital	Other restricted reserve	Premium reserve	Retained earnings incl. net income for the year	Total
Balance as of January 1, 2020	338	94	270	4,862	5,565
Net income for the year	-	-	-	-9	-9
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year 2020	-	-	-	-9	-9
Agreement to settle acquired operations with shares	-	-	81	-	81
Transfer within equity	-	-94	-	94	0
Balance as of December 31, 2020	338	0	351	4,947	5,637
Net income for the year	-	-	-	-94	-94
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year 2021	-	-	-	-94	-94
New Share issue	247	-	3,921	-	4,168
Repurchase of shares	-	-	-	-32	-32
Balance as of December 31, 2021	585	0	4,273	4,821	9,679

For information about changes in equity for the Parent company, see Note 17.

PARENT COMPANY CASH FLOW STATEMENT

(SEK million)	Note	2021	2020
Cash flows from operating activities	22		
Net income for the year		-94	-9
<i>Adjustments to reconcile net income/loss to net cash provided by operations:</i>			
Depreciation and write-downs	11, 12	1	1
Depreciation leases		1	2
Appropriations, group contribution and untaxed reserves		-22	-164
Unrealized exchange difference		2	-12
Total adjustments to reconcile net income/loss to net cash provided by operations		-18	-173
Cash flows from operating activities		-112	-182
<i>Changes in working capital</i>			
Increase (-)/decrease (+) short-term receivables		99	-27
Increase (+)/decrease (-) accounts payable		-1	10
Increase (+)/decrease (-) other liabilities		-2	-24
Total changes in working capital		97	-41
Net cash flows from operating activities		-14	-223
Investing activities			
Investment in subsidiaries		-3,559	-1,964
Investment in non-current assets		-1	-1
Cash flows from investing activities		-3,560	-1,964
Financing activities			
Receivables/liabilities from group companies		-478	-220
New share issue		3,605	-
New borrowings		1,900	1,800
Loan repayments		-1,800	-
Change in other receivables		-	2
Lease payments		-2	-2
Cash flows from financing activities		3,225	1,581
Cash flows from the year		-349	-607
Cash and cash equivalents at beginning of year		516	1,123
Cash and cash equivalents at end of year		167	516

NOTES

1

Accounting and valuation principles

Modern Times Group MTG AB (MTG) is a company domiciled in Sweden. The Company's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. The consolidated financial statements of the Company for the year ended 31 December 2021 comprise the Company and its subsidiaries and their share of participation in joint ventures and associated companies.

The financial statements were authorized for issue by the Board of Directors on April 8, 2021. The consolidated income statement and statement of financial position, and the income statement and the balance sheet of the parent company will be presented for adoption by the Annual General Meeting on June 8, 2022.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and its interpretations provided by the IFRS Interpretations Committee as endorsed by the European Commission. Recommendation RFR 1 on Supplementary Accounting Rules for groups as issued by the Swedish Financial Reporting Board has also been applied in the preparation of the Annual report.

The consolidated accounts have been prepared based on the acquisition values, except for certain financial assets and liabilities that are stated at fair value; contingent considerations and shares and participations in other companies. For 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 252,600 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. For contingent consideration the 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.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated below. For information on accounting for certain line items, see each note.

Change in accounting principles and new accounting standards

The group's consolidated accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2020 Annual Report.

MTG has made the assessment that new or changed standards and interpretations will not have any significant effect on the group's financial reports.

Consolidated accounts

The consolidated accounts include the Parent company, all subsidiaries and the share of participation in joint ventures and associated companies.

Subsidiaries

Subsidiaries are companies in which the group exercises control, meaning that the group has power over the subsidiary and has exposure or rights to its variable returns. The group must also have the ability to use the power to affect the return from the subsidiary. For all companies in which the group holds more than 50 percent of the vote, the control criteria are fulfilled and the companies are consolidated as subsidiaries.

Acquired companies are included in the consolidated accounts from the monthly financial statements that are closest to the time of acquisition.

All business combinations are accounted for in accordance with the acquisition method. At the date of acquisition, the acquired assets and assumed liabilities (net identifiable assets) are measured at fair value. The difference between the acquisition value of shares in a subsidiary and identifiable assets and liabilities measured at fair values at the date of acquisition is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of identifiable net assets acquired is recognized in profit and loss in the period of acquisition. Acquisition-related costs are expensed as incurred. Profit and loss for companies acquired during the year are included in the consolidated statement of comprehensive income from the date of acquisition.

Non-controlling interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interests. There are two alternatives for the recognition of non-controlling interests. One alternative is to recognize the non-controlling interest at its share of the fair value of the acquired company; another alternative is to recognize the non-controlling interests at its share of the fair value of the acquired net assets. The former method (the full goodwill method) leads to a higher value of non-controlling interest and goodwill than the later method (the partial goodwill method). The choice of method is made for each acquisition separately.

Associated companies

Associated companies are reported based on the equity method. An associated company is a company in which the group exercises significant influence. Normally, this means companies in which the group holds voting rights of at least 20 percent and no more than 50 percent.

Joint ventures

Joint ventures are arrangements in which two or more parties have joint control and have rights to the net assets of the arrangement. Joint ventures are recognized according to the equity method (see Associated companies).

Functional currency and reporting currency

The functional currency of the parent company is the Swedish krona (SEK). This is also the reporting currency for the group and the parent company.

Financial statements of foreign operations

The balance sheets of the group's foreign subsidiaries are translated into Swedish krona (SEK). The translation is based on the exchange rates ruling at the balance sheet date, while the income statements are translated using an average rate for the period. The resulting translation differences are charged in other comprehensive income and accumulated in the translation reserve in equity. The accumulated translation differences are reclassified to the income statement when the foreign operation is divested.

MTG reports government grants when it is reasonably certain that they will be received and that the conditions for receiving the grants have been met. Reporting is done in the income statement, and allocation is done based on when the costs that the grants are intended to compensate for are incurred.

Parent company

The Parent company has prepared the Annual Report according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. RFR 2 involves the application of all IFRSs and interpretations endorsed by the European Commission, except where the

possibility to apply IFRS is restricted by the Swedish Companies Act and due to tax rules. Holdings in subsidiaries are recognized in the Parent Company according to the acquisition method, which means that the transaction costs are included in the recognized value of shares in subsidiaries. The group recognizes these costs in the income statement immediately when occurred.

Group contributions

Group contributions received and paid are recognized as appropriations in the income statement.

Untaxed reserves

Untaxed reserves in the parent company comprise a tax allocation reserve. The reserve makes it possible to defer tax, and hence even out the tax cost between years.

Shareholders' contribution

Shareholders' contribution paid is recognized as an increase in shares in subsidiaries. When the contribution is given to cover losses made, an impairment test is made. Impairment is recognized in the income statement.

Leases

The parent company does not apply IFRS 16, in accordance with the exemption in RFR 2. As a lessee, leasing fees are reported as an expense on a straight-line basis over the leasing period and thus right-of-use assets and leasing liabilities are not reported in the balance sheet.

Rounding differences

Sometimes, the total amount in tables and statements do not add up due to rounding differences. The purpose is that each sub-line equals its source of origin and therefore rounding differences can occur.

2**Accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS requires the Board of Directors and the Executive Management Team to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates are reviewed by the Audit Committee.

Key sources of estimation uncertainty

Note 11 Intangible assets and 28 Acquired operations contain information of the assumptions and the risk factors relating to goodwill impairment. Litigations and provisions made are reported in Note 18.

Note 2 continues**Goodwill and other intangible assets**

Intangible assets, except goodwill and intangible assets with indefinite useful lives, are amortized over their useful lives. Useful lives are based on the Executive Management Team's estimates of the period during which the assets will generate revenue.

Goodwill and intangible assets with indefinite useful lives are subject to impairment testing yearly or when triggered by events. The impairment testing requires management to determine the recoverable amount of the cash-generating units on the basis of cash flow projections and internal forecasts and business plans. For further information, see Note 11 Intangible assets.

Valuation of assets at fair value

The fair value of shares in other companies is initially measured at acquisition cost, which is considered to be a representative estimate of fair value. Subsequently, values are remeasured at fair value and gains/losses recognized when there is a subsequent financing with 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.

Valuation of liabilities at fair value

The calculation of fair values of options to acquire non-controlling interests of acquired subsidiaries, and contingent considerations are based on terms defined in agreements set up in connection with the acquisitions. The valuations are usually based on projections and forecasts of future revenues and operating margin. The

outcome of revenues and operating margin could deviate from projections and forecast, and, as a result of this, affect the valuation. This deviation would impact the income for the period and the financial position.

Provisions and contingent liabilities

A provision is recognized when a present obligation exists as a result of a past event, it is probable that economic resources will be transferred, and reliable estimates can be made of the amount of the obligation. In such a case, a provision is calculated and recognized in the balance sheet. A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the group's control, or when it is not possible to calculate the amount. Realization of any contingent liability which is not disclosed or for which no amount is currently recognized could have a material impact on the group's financial position. For contingent considerations, such as earn-outs, 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. Revaluation of earn-outs is recognized in net financial items in the income statement.

The group regularly reviews significant outstanding litigations in order to assess the need for provisions. Factors considered include the nature of the litigation, claims, legal processes and potential level of damages, the opinions and views of the legal counselors, and the management's intentions to respond to the litigations or claims. If the estimates and judgements do not reflect the actual outcome, this could materially affect the income for the period and the financial position. For further information, see Note 18 Provisions.

3**Revenue accounting****Revenue recognition**

Revenue from external customers is mainly derived from the sale of online gaming and esports events, including advertising, subscription fees, sale of tickets and merchandise. The accounting principles for the main revenue streams are described in further detail below.

Online gaming revenue

In the online gaming business, the group offers both its own and third party games. The customer creates an account on the relevant website and the contract is created once the terms have been accepted by the customer. The games can either be free-to-play, with income generated from in-game virtual goods, or the customers can purchase the game. The contracts are made on a one-by-one basis. There are different in-game goods – consumables (instant usage), durable goods (usage over time), time-based goods (usage during a specific period) and hard currency items (in-game currency wallet, allowing the player to purchase goods). Consumables are judged to be consumed and used immediately when purchased. Durables are judged to be consumed over a period of time, based on statistics of consumer behavior for each game. Time-based goods

are specific to the periods during which customer can use the goods. The performance obligations are distinct and separately identifiable with prices allocated to each performance obligation. When the customer purchases a game, the revenue is recognized at a point in time. Subscription revenue is recognized over the time of the subscription period.

Event revenue

In the Esports business, the group provides event-driven goods and services from producing online and physical events in our own leagues or on behalf of third parties. Revenue from producing events is recognized at a point in time. Revenue from goods related to specific events (products and tickets etc.) is recognized at a point in time.

Other

Other revenue consists mainly of advertising revenue and is recognized over time.

Note 3 continues**Significant judgement in revenue recognition***Agent or principal*

The group assesses whether it is acting as a principal or an agent in all transactions where another party is involved in providing products or services to the customer. In transactions where the group is acting as an agent, revenue is recognized net in the income statement. In transactions where the group is acting as a principal, revenue is recognized gross in the income statement.

Disaggregation of revenue

Revenue from external customers is mainly derived from sale of online gaming and esports.

2021

(SEK million)	Gaming	Esports	Central Operations	Eliminations	Total
External revenue	3,931	1,375	-	-	5,306
Internal revenue	0	0	15	-15	0
Total revenue for the segment	3,931	1,375	15	-15	5,306
Revenue streams					
External revenue	3,931	1,375	0	0	5,306
Revenue from external customers	3,931	1,375	0	0	5,306
Timing of revenue recognition					
At a point in time	3,541	899	-	-	4,440
Over time	391	476	0	0	867
Revenue from external customers	3,932	1,375	0	0	5,306

2020

(SEK million)	Gaming	Esports	Central Operations	Eliminations	Total
External revenue	2,682	1,315	-	-	3,997
Internal revenue	0	0	15	-15	0
Total revenue for the segment	2,682	1,315	15	-15	3,997
Revenue streams					
Total revenue	2,682	1,315	0	0	3,997
Revenue from external customers	2,682	1,315	0	0	3,997
Timing of revenue recognition					
At a point in time	-	663	-	-	663
Over time	2,682	652	-	-	3,334
Revenue from external customers	2,682	1,315	0	0	3,997

Contract liability

Contract liabilities consist of prepaid revenue related to online gaming as the customer buys virtual goods that are recognized as revenue over time depending on whether it is consumable or time-based.

Group (SEK million)	2021	2020
Opening balance 1 January	157	190
Net change in contract liability during the year	70	-33
Closing balance 31 December	227	157

Contract liabilities reported at the beginning of 2021 and 2020 have been recognized as revenue during each year.

Unsatisfied performance obligations

The group does not disclose any information regarding unsatisfied performance obligations as at December 31, since the performance obligations refer to contracts where the contract term is 12 months or less.

4

Business segments

MTG's financial reporting structure is divided into the following segments:

Gaming

The gaming segment is made up of InnoGames, Kongregate, Hutch, Ninja Kiwi, PlaySimple and MTG's VC fund's investment in gaming-related companies. InnoGames is one of Germany's leading developer and publisher of mobile and online games. The company is based in Hamburg and is best known for Forge of Empires, Elvenar and Tribal Wars. InnoGames' complete portfolio encompasses eight live games and several mobile game titles in production. InnoGames is focused on the free-to-play segment and provides players with a cross-platform experience on both browser and mobile devices. Kongregate, based in San Francisco, is a mobile game publisher and developer, and is a recognized innovator in breakout genres like idle and collectible card games (CCG). At the end of 2020 MTG acquired Hutch games, a leading developer and publisher of free-to-play mobile games focused on the racing genre in the highly attractive midcore segment. Hutch did not impact the result in the Gaming segment in 2020 as it was consolidated from 31 December 2020. During 2021, MTG acquired both Ninja Kiwi and PlaySimple. Ninja Kiwi is a New Zealand-based leading developer and publisher of tower defense mobile games, with a portfolio consisting of over 25 premium and free-to-play games. PlaySimple is one of India's most exciting and fastest-growing mobile gaming companies, with chart-topping titles exceeding 75 million installs to date.

Esports

The esports segment is made up of ESL Gaming (including the brands of ESL and DreamHack), DreamHack SportGames and MTG's VC fund's investments in esports related companies. Through ESL and DreamHack, MTG is the world's leading esports company and operates national and international tournaments as well as grassroots amateur cups, leagues and festivals. In this relatively new cultural phenomenon, ESL and DreamHack are established global brands and the preferred choices for viewers, players, partners and publishers.

(SEK million)	Net sales	
	2021	2020
Gaming	3,931	2,682
Esports	1,375	1,315
Central Operations	15	15
Eliminations	-15	-15
Total	5,306	3,997

The business segments are responsible for the management of the operational assets and the performance is monitored at the business segment level. Financing is managed centrally in the group. Consequently, liquid funds, interest-bearing receivables and liabilities are not allocated to the business segments.

(SEK million)	External sales		Internal sales	
	2021	2020	2021	2020
Gaming	3,931	2,682	-	-
Esports	1,375	1,315	0	0
Central Operations	-	-	15	15
Eliminations	-	-	-15	-15
Total group	5,306	3,997	0	0

(SEK million)	EBIT		EBITDA		Adjusted EBITDA	
	2021	2020	2021	2020	2021	2020
Gaming	640	436	1,102	648	1,203	800
Esports	-338	-288	-279	-220	-195	-163
Central Operations	-118	-112	-115	-110	-100	-102
Total group	184	35	708	319	908	535

In order to assess the operating performance of the business, MTG's Executive Management Team focuses on Adjusted EBITDA. This performance measure does not include the impact of items affecting comparability, long-term incentive programs, acquisition-related transaction expenses and impairment of own work capitalized, which are referred to as adjustments. 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.

Adjustments have been made for Items affecting comparability of SEK 0 (9) million, Impairment of own capitalized costs of SEK 0 (20) million, Long-term incentive programs of SEK 88 (132) million and acquisition-related transaction expenses of 112 (56) million.

EBITDA are earnings before interest, tax, depreciation and amortization.

Note 4 continues

	Assets		Liabilities and equity		Capital employed	
(SEK million)	2021	2020	2021	2020	2021	2020
Gaming	13,074	6,523	3,692	1,452	9,382	5,923
Esports	3,079	2,846	1,260	1,083	1,819	1,790
Other	21	20	0	0	21	20
Central Operations	357	416	105	129	251	-305
Total	16,531	9,804	5,057	2,665	11,473	7,428
Total cash and interest-bearing assets	943	1,153	-	-	-	-
Total borrowings	0	-	2,768	3,076	-	-
Equity incl. non-controlling interest	0	-	9,923	5,216	-	-
Eliminations	-37	-157	-312	-157	-	-
Total	17,436	10,800	17,436	10,800	11,473	7,428

	Capital expenditure excluding investments in subsidiaries		Depreciation and amortization	
(SEK million)	2021	2020	2021	2020
Gaming	210	174	462	212
Esports	42	34	59	68
Central Operations	1	1	3	3
Total	252	208	524	283

The group's business segments operate in Europe, Asia and the USA. Net sales and non-current assets are shown below by geographic area. Non-current assets comprise intangible and tangible assets. Sales are shown per country from which the revenues are derived.

	Net sales		Non-current assets	
(SEK million)	2021	2020	2021	2020
Germany	2,717	2,982	4,142	4,095
United Kingdom	665	5	3,217	2,997
Rest of Europe	192	168	296	280
USA	651	804	791	755
Singapore	670	-	0	0
India	7	-	4,178	-
New Zealand	301	-	1,791	-
Other regions	103	38	29	29
Total	5,306	3,997	14,445	8,156

5

Cost accounting

Nature of expenses

An income statement by function is presented as part of the financial statements of the group. The table below presents how the operational costs are classified based on the nature of the expense.

Group (SEK million)	2021	2020
Net sales	5,306	3,997
Other operating income	37	32
Cost of goods	-935	-671
Distribution costs	-2,107	-1,312
Salaries, remuneration and social security expenses	-1,136	-961
Depreciation and amortization	-480	-244
Depreciation leasing	-45	-39
Impairment losses	-	-26
Other expenses	-456	-732
Share of earnings in associated companies and joint ventures	-1	1
Items affecting comparability	-	-9
Operating Income	184	35

6

Other operating income and expenses

Group (SEK million)	2021	2020
Other operating income		
Gain from exchange rate differences	7	3
Revaluation option liabilities	0	2
Government grants/tax incentives	11	18
Rental income	10	-
Other	9	9
Total	37	32
Other operating expenses		
Loss from exchange rate differences	-15	0
Other	-9	-16
Total	-24	-16

7

Shares in associated companies and joint ventures

Group (SEK million)	2021	2020
Share of earnings	0	1
Total net income	0	1

Associated companies and joint ventures are reported based on the equity method. The share of earnings is equal to the group's share of net income in each associated company or joint venture after translation into Swedish krona. The calculation of share in net income is based on the latest available accounts.

Summarized financial information for associated companies and joint ventures

Group (SEK million)	2021	2020
Net income	-3	3
Current assets	39	43
Total assets	39	43
Non-current liabilities	20	22
Current liabilities	17	17
Total liabilities	37	39

Shares and participations in associated companies and joint ventures

Group (SEK million)	2021	2020
Carrying amount	22	20
Total	22	20

8

Financial items

Group (SEK million)	2021	2020
Interest income	5	1
Interest expenses on borrowings	-30	-9
Net interest	-25	-8
Net exchange rate differences	-148	33
Borrowing costs	-11	-6
Interest expenses from discounting of contingent consideration	-132	-6
Financial assets and liabilities valued at fair value through profit or loss	-144	31
Gain from financial assets	12	2
Other financial items	-423	54
Net financial items	-448	46

Parent company (SEK million)	2021	2020
Interest income from external parties	0	-
Interest income from subsidiaries	7	1
Net exchange rate differences	10	-
Total interest income and other financial income	17	1
Net exchange rate differences	-	-26
Interest expense to external parties	-16	-5
Interest expense to subsidiaries	0	-1
Borrowing costs	-11	-2
Total interest expense and other financial costs	-27	-34
Net financial items	-10	-33

The interest income and expenses on borrowings relate to financial assets and liabilities valued at amortized cost.

9

Taxes

Accounting for corporate income tax

Tax expenses reported include current Swedish and foreign corporate income taxes and deferred tax arising from temporary differences and loss carryforwards. Temporary differences arise when there are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. A deferred tax asset is reported corresponding to the tax value of loss carryforwards if it is judged likely that the loss carryforward will be used to offset taxable income in the foreseeable future. Net income for the year is charged with tax on taxable earnings for the year and with tax estimated for the change in temporary differences for the year as current tax and deferred tax expenses respectively in each group company.

Distribution of tax expense

Group (SEK million)	2021	2020
Current tax		
Current tax expense	-273	-198
Adjustment for prior years	13	1
Total	-260	-197
Deferred tax		
Tax attributable to temporary differences and loss carryforwards	70	20
Total	70	20
Total tax expense in the income statement	-191	-177

Reconciliation of tax expense

Group (SEK million)	2021	%	2020	%
Income before tax	-264		81	
Tax/Tax rate in Sweden	54	20.6	-17	21.4
Foreign tax rate differential	-149	-56.4	-64	78.8
Non-taxable income	71	26.8	9	-10.7
Non-deductible expenses	-56	-21.1	12	-14.9
Exercised loss carryforwards not previously recognized	1	0.4	7	-8.6
New loss where no deferred tax was recognized	-127	-48.3	-115	142.3
Other permanent effects	2	0.9	-7	8.6
Adjustment for prior years	13	4.9	-1	1.4
Effective tax/tax rate	-191	-72.3	-177	218.2

Deferred Tax

Group (SEK million)	31 Dec 2021	31 Dec 2020
Deferred tax asset attributable to:		
Goodwill	1	2
Tangible assets	3	5
Intangible assets	11	29
Provisions	17	7
Current receivables	4	3
Current liabilities	36	18
Financial assets	10	6
Tax value of tax loss carryforwards recognized	161	149
Total	243	219

Group (SEK million)	31 Dec 2021	31 Dec 2020
Deferred tax liabilities attributable to:		
Goodwill	14	10
Tangible assets	7	1
Intangible assets	763	457
Provisions	0	0
Current receivables	1	33
Current liabilities	0	0
Financial assets	0	-
Total	784	501
Deferred tax net	-541	-282

2021

Group (SEK million)	Opening balance January 1	Deferred tax recognized in P&L	Acquisition of subsidiaries	Deferred tax recognized in OCI	Translation differences	Closing balance December 31
Tax loss carryforwards	149	4	1	-	7	161
<i>Temporary differences in:</i>						
Goodwill	-8	-4	-	-	-1	-13
Tangible assets	5	-9	0	-	0	-4
Intangible assets	-428	15	-336	-	-3	-752
Provisions	7	8	2	-	0	17
Current receivables	-30	35	-	-	-2	3
Current liabilities	18	13	2	-	2	36
Financial assets	6	8	0	-	-4	10
Total	-282	70	-331	-	-1	-541

Note 9 continues

2020

Group (SEK million)	Opening balance January 1	Deferred tax recognized in P&L	Acquisition of subsidiaries	Deferred tax recognized in OCI	Translation differences	Closing balance December 31
Tax loss carryforwards	172	-13	-	-	-10	149
<i>Temporary differences in:</i>						
Goodwill	-9	-1	-	-	1	-8
Tangible assets	3	2	-	-	-1	5
Intangible assets	-361	45	-123	-	11	-428
Provisions	5	2	-	-	0	7
Current receivables	2	-24	-	-12	4	-30
Current liabilities	6	15	-	-	-3	18
Financial assets	13	-6	-	-1	-1	6
Total	-169	20	-123	-13	2	-282

Total tax loss carryforwards without an expiration date, for which deferred tax assets have been recognized, amounted to SEK 535 (498) million for the group as at December 31, 2021. The recognized deferred tax asset for these tax losses are SEK 161 (149) million, mainly attributable to ESL. The accounts for 2021 and 2020 include deferred tax assets as a tax value of the taxloss carryforwards in all countries where it is judged likely that the group will be able to use its tax loss carryforwards to offset a taxable surplus in a foreseeable future. As a consequence, deferred tax assets related to loss carryforwards are not recognized in some countries.

Parent company

There were no tax loss carryforwards in 2021 or 2020 in the parent company.

Distribution of tax expenses

Parent company (SEK million)	2021	2020
Current tax	-	0
Total tax expenses	-	0

Unrecognized tax loss carryforwards by expiry date

Group (SEK million)	2021	2020
2022	182	-
2023	0	-
2024	0	0
2025	199	117
and thereafter	0	-
No expiry date	939	1,027
Total	1,320	1,145

Reconciliation of tax expense

Parent company (SEK million)	2021	%	2020	%
Income before tax	-94		-9	
Tax/Tax rate in Sweden	19	20.6	2	21.4
Non-deductible expenses	-2	-2.4	-2	-21.4
Non-taxable income	0	0.1	-	-
New loss where no deferred tax was recognized	-17	-18.2	-	-

10 Items affecting comparability

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

Group (SEK million)	2021	2020
Redundancy costs headquarter	-	7
Redundancy costs ESL	-	-4
Severance pay CEO	-	-11
Reversal of impairment of software	-	8
Production facility closedown	-	-1
M&A insurance	-	-5
Net capital gain related to options to acquire shares	-	-3
Total	-	-9

In 2021, there were no Items affecting comparability (IAC).

In 2020, the IAC included costs in the group for severance pay to former CEO, a dissolution of part of the reserve for redundancy costs at the headquarter from 2019 and an M&A insurance. For ESL, the IAC included costs for an efficiency project connected with the merger with DreamHack, including severance pay and redundancy costs. A software that was written down in 2019 has been reversed due to a reassessment of the program, which has been taken into use again. ESL had a capital loss related to the options to acquire shares in WIM Australia. ESL also had costs for the closedown of a production facility in the UK.

Items affecting comparability classified by function

Group (SEK million)	2021	2020
Cost of goods sold	-	-1
Administrative expenses	-	-13
Other operating income	-	10
Other operating expenses	-	-4
Net income	-	-9

11 Intangible assets

Accounting for intangible assets

Intangible assets are reported net after deductions for accumulated amortization according to plan and impairment losses. Amortization according to plan is normally calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life. The intangible assets are classified in the following categories:

Asset	Amortization period
Capitalized development expenditure	3–10 years
Trademarks	Trademarks being part of a purchase price allocation are normally judged to have indefinite lives and are tested for impairment annually or if triggered by events
Customer relations	10–15 years
Beneficial rights/broadcasting licenses	Estimated amortization period based on the terms of the license
Goodwill	Indefinite lives with impairment tests annually or if triggered by events

Capitalized development expenditure

Expenditure on development activities, aiming at new or substantially improved products and processes, are capitalized if the process is technically and commercially feasible and the group has sufficient resources to complete the development. The development expenditure capitalized includes the direct costs of direct labour and an appropriate proportion of overheads. Other expenditure is expensed in the income statement as incurred. Capitalized development expenditures are stated at cost less accumulated amortization and impairment losses in the balance sheet. The capitalized expenditure relates mainly to software and software platforms.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of an acquired business. Goodwill is recognized as an asset and tested for impairment at least annually. Any impairment is recognized immediately in the income statement and cannot be reversed. Goodwill arising from acquisitions of associated companies is included in the reported value of shares in associated companies. Impairment tests are made on the total cash-generating unit.

Other intangible assets

Other intangible assets, such as acquired customer relations, beneficial rights, broadcasting licenses and trademarks, are stated at cost less accumulated amortization and impairment losses.

Note 11 continues

(SEK million)	Group					Parent Company
	Capitalized development expenditure	Trademarks	Customer relations and other ¹⁾	Goodwill	Total	Capitalized expenditure
Acquisition values						
Opening balance January 1, 2020	621	825	638	4,011	6,095	55
Investments during the year	100	-	63	-	163	1
Acquisitions through business combinations	265	181	221	2,325	2,992	-
Changes in group structure, reclassifications etc	-	-1	-156	-	-155	-
Translation differences	-32	-36	-45	-214	-327	-
Closing balance 31 December 2020	954	969	722	6,122	8,767	56
Opening balance January 1, 2021	954	969	722	6,122	8,767	56
Investments during the year	162	0	35	-	197	-
Acquisitions through business combinations	599	434	297	4,381	5,711	-
Changes in group structure, reclassifications etc	10	-	-	-	10	-
Translation differences	138	61	65	577	841	-
Closing balance December 31, 2021	1,863	1,464	1,119	11,080	15,526	56
Accumulated amortization and impairment losses						
Opening balance January 1, 2020	-305	-91	-277	-49	-722	-55
Amortization during the year	-36	-28	-132	-	-195	-1
Write-ups during the year	8	-	-	-	8	-
Impairment losses during the year	-15	-5	-	-	-20	-
Changes in group structure, reclassifications etc	-	1	162	-	163	-
Translation differences	14	5	27	6	52	-
Closing balance December 31, 2020	-334	-118	-220	-43	-714	-56
Opening balance January 1, 2021	-334	-118	-220	-43	-714	-56
Sales and disposals during the year	-	-	1	-	1	-
Amortization during the year	-119	-70	-243	-	-432	-
Changes in group structure, reclassifications etc	-10	-	-	-	-10	-
Translation differences	-11	-4	-24	-5	-44	-
Closing balance December 31, 2021	-474	-192	-486	-48	-1,199	-56
Carrying amount						
As per January 1, 2020	316	734	361	3,960	5,371	-
As per December 31, 2020	621	851	502	6,079	8,053	-
As per January 1, 2021	621	851	502	6,079	8,053	-
As per December 31, 2021	1,389	1,272	633	11,032	14,327	-

1) Other refers to licenses and beneficial rights.

Note 11 continues**Amortization by function**

Group (SEK million)	2021	2020
Cost of goods and services	308	128
Administrative expenses	120	62
Selling expenses	0	5
Other operating expenses	4	0
Total	432	195

Impairment losses by function

Group (SEK million)	2021	2020
Cost of goods and services	-	20
Total	-	20

Impairment tests for cash-generating units

Cash-generating units with significant carrying amounts of goodwill:

Group (SEK million)	2021	2020
ESL	1,375	1,341
InnoGames	2,078	2,037
Kongregate	427	386
Hutch	2,585	2,314
Play Simple	3,241	-
Ninja Kiwi	1,326	-
Total	11,032	6,078

Cash-generating units with significant carrying amounts of trademarks with indefinite lives:

Group (SEK million)	2021	2020
ESL	64	64
Kongregate	70	63
Total	134	127

These trademarks have strong positions on their respective markets and will be actively used in the businesses, and are thereby judged to have indefinite lives. The trademarks are improved and developed continuously, and the net cash flows generated through them are not considered to cease within a foreseeable future.

Impairment testing

Impairment testing of goodwill and other intangible assets with indefinite lives for cash-generating units in the business segment are based on calculations of the recoverable amount (value in use), using a discounted cash flow model. The cash flow is discounted at a pre-tax interest of 9.2 percent (9.5) considering the cost of capital and risk for the group. The model involves key assumptions such as market size, share and growth rates, sales prices and cost growth together with working capital requirements. These cash flow projections, calculated over a five-year period, are based on actual operating results, forecasts and financial projections, using historical trends, general market conditions, industry trends and other available information. After the five-year period, a growth rate of 2.5 percent (2.5) is normally applied.

The cash flow projections are based on a sustainable growth rate which is individually estimated based on each unit's outlook. Individual assumptions are also made on cost and capital turnover development

Impairment test

The impairment tests are carried out on a regular basis, annually or when triggered by events. The impairment tests 2021 did not trigger an impairment for the group.

Sensitivity analysis

The units, which do not indicate an impairment requirement, have such a margin that reasonably possible adverse changes in individual parameters would not cause the value in use to fall below the book value. However, cash flow projections are inherently more uncertain and may also be influenced by factors beyond the company's control. Such factors could be political risks and general market conditions, which may deteriorate quickly due to a financial, such as one caused by instability in the financial sector.

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Property, plant and equipment

Accounting for tangible assets

Property, plant and equipment are reported at cost less accumulated depreciation and any impairment losses. Where parts of an item of machinery or equipment have different useful lives, they

are accounted for as separate items of machinery and equipment. Depreciation is normally calculated using the straight-line method over the estimated useful life of the assets. Machinery and equipment are depreciated over a period of 3 to 5 years.

(SEK million)	Group			Parent Company
	Machinery	Equipment, tools and installations	Total	Equipment
Acquisition value				
Opening balance January 1, 2020	13	200	212	10
Investments during the year	8	36	45	-
Acquisitions through business combinations	-	3	3	-
Sales and scrapping during the year	-1	-9	-10	-
Changes in group structure, reclassifications etc	-	-19	-19	-
Translation differences	-6	-16	-22	-
Closing balance December 31, 2020	14	195	209	10
Opening balance January 1, 2021	14	195	209	10
Investments during the year	3	52	55	-
Acquisitions through business combinations	0	5	5	-
Sales and scrapping during the year	0	-11	-11	-
Changes in group structure, reclassifications etc	12	-22	-10	-
Translation differences	3	10	13	-
Closing balance December 31, 2021	32	229	261	10
Accumulated depreciation and impairment losses				
Opening balance January 1, 2020	1	-88	-87	-8
Sales and scrapping during the year	1	7	9	-
Depreciation during the year	-9	-40	-49	-
Impairment losses during the year	-	-6	-6	-
Changes in group structure, reclassifications etc	-	13	13	-
Translation differences	5	11	15	-
Closing balance December 31, 2020	-2	-103	-105	-8
Opening balance January 1, 2021	-2	-103	-105	-8
Sales and disposals during the year	0	10	10	-
Depreciation during the year	-7	-40	-47	-1
Changes in group structure, reclassifications etc	0	10	10	0
Translation differences	-3	-7	-10	-
Closing balance December 31, 2021	-12	-130	-142	-9
Carrying amount				
As per January 1, 2020	14	112	126	3
As per December 31, 2020	12	92	104	3
As per January 1, 2021	12	92	104	3
As per December 31, 2021	20	99	119	2

Note 12 continues**Depreciation by function**

Group (SEK million)	2021	2020
Cost of goods and services	23	10
Selling expenses	6	2
Administrative expenses	16	35
Other operating expenses	1	1
Total	47	49

Impairment losses by function

Group (SEK million)	2021	2020
Cost of goods and services	-	6
Total	-	6

13**Non-current financial assets****Group companies**

The following table lists the major companies included in the group. A detailed specification of group companies has been sub-

mitted to the Swedish Companies Registration Office and is available upon request from Modern Times Group (MTG) AB Investor Relations.

Shares and participations in group companies

Parent company (SEK million)	Co. Reg.No.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2020	Book value 31 Dec 2021
MTG Broadcasting AB	556353-2687	Stockholm	1 000	100	100	7,813	11,372
Total						7,813	11,372

Share capital (%) and voting rights (%) represented as at Dec 31, 2021.

Ownership in group companies	Co. Reg.No.	Registered office	Share capital (%)	Voting rights (%)
MTG Broadcasting AB	556353-2687	Sweden	100	100
DreamHack Sports Games A/S		Denmark	100	100
ESL Gaming GmbH		Germany	91	91
InnoGames GmbH		Germany	79	79
Kongregate Inc.		USA	79	79
Hutch Games Ltd.		UK	79	79
Ninja Kiwi Ltd.		New Zealand	79	79
PlaySimple Games Private Ltd.		India	61	61

Shares and participations in group companies

Parent company (SEK million)	2021	2020
Opening balance 1 January	7,813	5,848
Shareholder contributions	3,559	1,964
Closing balance 31 December	11,372	7,813

Non-controlling interests

MTG Gaming AB acquired two gaming companies during the year, Ninja Kiwi Ltd and PlaySimple Games Private Ltd. MTG Gaming AB owns 100 percent of the shares in Innogames, Kongregate, Hutch and Ninja Kiwi. It also owns 77 percent of PlaySimple. The group holds 79 per cent of the votes and capital in MTG Gaming AB.

14 Accounts receivable

Group (SEK million)	2021	2020
Accounts receivable		
Gross accounts receivable	782	495
Less allowances for doubtful accounts	-28	-30
Total	754	465
Allowance for doubtful accounts		
Opening balance 1 January	29	28
Provision for expected credit losses	5	22
Actual losses	-1	0
Reversed write-offs	-6	-20
Translation differences	0	-1
Closing balance 31 December	28	29
Analysis of accounts receivable		
Not due	608	372
< 30 days	93	37
30-90 days	31	29
> 90 days	22	27
Total	754	465

15 Prepaid expense and accrued income

Parent company (SEK million)	2021	2020
Prepaid financing costs	2	5
Other	2	3
Total	4	9

16 Earnings per share

Group (SEK million)	2021	2020
Earnings per share before dilution		
Net income for the year attributable to equity holders of the parent company	-400	-228
Weighted average number of shares, basic	103,786,751	76,190,509¹⁾
Effect from share awards	155,301	-
Weighted average number of shares, diluted	103,942,052	76,190,509
Basic earnings per share, SEK	-3.85	-2.99
Diluted earnings per share, SEK	-3.85	-2.99

1) Retroactive adjustment for new issue with bonus element.

Potentially dilutive instruments

Modern Times Group MTG AB has outstanding long-term incentive plans. The potential dilution is calculated in order to determine the number of shares that can be acquired at fair value based on the value of the share awards. Retention and performance share awards are included in the potentially dilutive shares from the start of the program, and in accordance with the performance targets achieved. The Company has outstanding programs from 2019, where the performance was not achieved, and thus have no diluting effect. As per December 31, 2021, 426,420 (426,420) warrants were issued under the program. The company also has an outstanding program from 2021 including 355,730 share awards. The program has a calculated dilution of 155,301.

The total number of shares outstanding at the end of 2021 was 110,385,832 (67,342,244) and excluded 304,880 Class B shares and 6,324,343 Class C shares held by MTG as treasury shares.

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Shareholders' equity

	2021		2020	
Parent company	Number of shares paid	Quota value (SEK million)	Number of shares paid	Quota value (SEK million)
MTG Class A	545,662	5	545,662	3
MTG Class B	110,145,050	550	67,101,462	336
MTG Class C	6,324,343	30	-	-
Total number of shares issued/total quota value as per 31 December	117,015,055	585	67,647,124	338

The holder of a MTG Class A share is entitled to 10 voting rights and the holder of a MTG Class B and MTG Class C share is entitled to one voting right each. Class C shareholders are not entitled to any dividend payments. The quota value is SEK 5 (5) per share.

Out of the total number of issued shares, 304,880 (304,880) Class B shares and 6,324,343 (0) Class C shares are held as treasury shares.

The Board of Directors proposed to the Annual General Meeting 2022 that no dividend be paid to MTG shareholders for the 2021 financial year.

Paid-in capital/Premium reserve

The paid-in capital arises when shares are issued at a premium, i.e. shares were paid at a higher price than the quota value. The premium reserve in the parent company relates to employee options exercised during 2010, 2009 and 2008 as well as the fair value of the shares.

(SEK million)	Shares			
	Class A	Class B	Class C	Total
Opening balance 1 January 2021	545,652	67,101,462	-	67,647,114
January 29 - Issuance of Class B shares to sellers of Hutch	-	627,431	-	627,431
February 10 - Subscription on new shares with preferential rights	-	28,320,697	-	28,320,697
March 24 - Directed share issue	-	9,659,524	-	9,659,524
March 24 - Share issue for the LTI program	-	-	130,000	130,000
June 1 - Share issue for sellers of Ninja Kiwi	-	4,435,936	-	4,435,936
August 26 - Share issue for sellers of PlaySimple	-	-	6,194,343	6,194,343
Closing balance 31 December 2021	545,652	110,145,050	6,324,343	117,015,045

In January, 627,431 Class B shares were issued to the sellers of Hutch. The value of the shares corresponded to SEK 81 million.

In February, a total of 28,320,697 new Class B shares with preferential rights were subscribed for. The fully subscribed rights issue provided MTG with proceeds of SEK 2,549 million before deduction of transaction costs.

In March, the Company resolved on a directed issue of 9,659,524 new Class B shares by means of an accelerated book building process. The proceeds from the share issue, before deduction of transaction costs, amounted to SEK 1.1 billion.

Translation reserve in equity

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations to Swedish krona in the consolidated accounts.

Group (SEK million)	2021	2020
Opening balance 1 January	-260	-67
This year's translation differences, net of tax	560	-193
Total accumulated translation differences 31 December	300	-260

Revaluation reserve

The revaluation reserve includes the revaluation of trademarks in relation to successive share purchase.

Group (SEK million)	2021	2020
Opening balance 1 January	-12	-12
Closing balance 31 December	-12	-12

Retained earnings

Retained earnings comprise previously earned income.

Non-controlling interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interest.

In March 130,000 new Class C shares were issued and immediately repurchased to cover 2021 year long-term incentive program.

In June, 4,435,936 Class B shares were issued to the sellers of Ninja Kiwi. The value of the shares corresponded to SEK 540 million.

In August, 6,194,343 new Class C shares were issued to allow the delivery of the consideration in the form of Class B shares or cash in accordance with MTG Gaming AB's obligations under the transaction agreements entered into with the sellers of PlaySimple. The share consideration for the acquisition of PlaySimple affected equity with additionally SEK 31 million.

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Provisions

Accounting for Provisions

A provision is recognized in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the anticipated liability.

Accounting for Pensions

There are mainly defined contribution pension plans within the group. The group's payments to defined contribution plans were reported as costs in the period when the employee performed the services to which the fee relates. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Group (SEK million)	Restructuring provisions	Other provisions	Total
Opening balance 1 January 2020	12	106	118
Provisions during the year	13	144	157
Provisions from acquisition of entities	-	16	16
Utilised during the year	-16	-22	-38
Reversed during the year	-1	-33	-34
Reclassifications	8	-	8
Translation differences	-	-5	-5
Closing balance 31 December 2020	17	206	222
Opening balance 1 January 2021	17	206	222
Provisions during the year	1	64	65
Acquisition through business combinations	-	29	29
Utilized during the year	-9	-132	-141
Reversed during the year	0	-2	-2
Translation differences	1	4	5
Closing balance 31 December 2021	10	168	178

The group no longer has any defined benefit pension plans. In Sweden, there is a multi-employer defined benefit plan. The group reports these pension costs in the same way as defined contribution plans.

Other provisions are mainly related to long-term incentive programs.

19 Accrued expenses and deferred income

Parent company (SEK million)	31 Dec 2021	31 Dec 2020
Accrued personnel costs	21	53
Accrued professional fees	0	3
Other	4	1
Total	25	57

20 Pledged assets and contingent liabilities

As for 2021, all shares in MTGx Gaming Holding AB have been pledged to the lenders in relation to the bridge loan and the revolving credit facility (RCF). There were no pledged assets in the group in 2020.

Various MTG companies are involved in disputes with collecting societies over payment of royalties for the past use of copyrights and similar rights. Further, MTG companies are parties in litigations. The Company does not believe that the outcome of these litigations are likely to have a material adverse effect on the financial position of the group. These litigations are therefore not included in the contingent liabilities. There were no contingent liabilities in the group in 2021 and 2020.

Contingent liabilities

Parent company (SEK million)	31 Dec 2021	31 Dec 2020
Guarantees subsidiaries	5	4
Total	5	4

The parent company issues guarantees to the benefit of the subsidiaries. This includes rental agreements.

21 Financial instruments and financial risk management

Capital management

The primary objective of the group's capital management is to ensure financial stability, manage financial risks and secure the group's short-term and long-term need of capital. The group defines its capital as equity including non-controlling interest as stated in the balance sheet.

Current capital structure is based on a mix of issues of new shares and debt where the objective is to operate with a low leverage ratio. The leverage ratio could increase during specific periods, but should over time remain low. The capital structure also considers the optimal structure to reduce the cost of capital.

Financial risk management

In addition to business operational risks, the group is exposed to various financial risks in its operations. The most important financial risks are refinancing, credit, interest rate and currency risk, which all are regulated by the financial policy adopted by MTG's Board of Directors.

The group's financial policy constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The policy is subject to a yearly review. The group's financial risks are continuously compiled and followed up at corporate level by the group's treasury function to ensure compliance with the financial policy. The parent company treasury function is responsible for managing the financial risks. The aim is to limit the group's financial risks, and ensure that the group has appropriate and secure financing for its current needs.

Liquidity in the group is concentrated with the central financing function and in a cash pool in Sweden. Surplus liquidity may be invested during a period of no more than six months. The financial policy includes a special counterparty regulation by which a maximum credit exposure for various counterparties to minimise the risk is stipulated.

Note 21 continues**Financing and refinancing risk**

Financing risk is the risk of not being able to meet the need for future funding requirements. The group's sources of funding are primarily shareholders' equity, cash flows from operations and borrowing. In order to reduce the refinancing risk, the group strives to diversify the funding sources and maturity tenors and normally initiate refinancing of all loans 12 months prior to maturity. The group shall at all times strive for relevant key ratios equal to investment grade rating.

External borrowing is managed centrally in accordance with the group's financial policy. Loans are primarily taken up by the parent company, and transferred to subsidiaries as internal loans or capital injections.

As per 31 December 2021, the group had a bridge loan facility of SEK 1,000 (1,800) million and a revolving credit facility (RCF) of SEK 1000 (0) million whereof SEK 900 million was utilized, both from DNB Bank ASA, Sweden branch, and Swedbank AB (publ). The bridge loan facility has an initial term of six months where MTG has an option to extend the term by another six months, resulting in a maturity date as of July, 2022. MTG plans to repay the current bridge loan with proceeds from the sale of ESL Gaming. The RCF has an initial term of 2 years, with the possibility to extend to 3 years, subject to lenders approval. The interest for both loans varies with STIBOR (not lower than 0 percent) plus a margin based on competitive market terms.

Liabilities to acquire shares from non-controlling interests and contingent consideration

Liabilities to acquire shares from non-controlling interests and/or contingent considerations are based on terms defined in agreements set up in connection with the acquisitions. The valuations are based on forecasts of future revenues and operating margin.

Lease liabilities

Information about lease liabilities are found in Note 23 Leases.

Net debt

Group (SEK million)	31 Dec 2021	31 Dec 2020
Liabilities to financial institutions	1,000	1,800
Short-term borrowings	1,000	1,800
Other interest-bearing liabilities	743 ²⁾	1,144 ¹⁾
Lease liabilities	42	42
Total short-term borrowings	1,785	2,986
Lease liabilities	83	90
Liabilities to financial institutions	900	-
Total long-term borrowings	983	90
Total borrowings	2,768	3,076
Cash and cash equivalents	943	1,153
Long- and short-term interest-bearing assets	0	0
Total cash and interest-bearing assets	943	1,153
Total net debt	1,825	1,923

1) Current debt in form of a vendor note in connection with the acquisition of an additional 17 percent of the shares in InnoGames, due in March 2021

2) Liability for acquisition of the remaining 23 percent of PlaySimple SEK 743 million

Maturity of loans

Parent company (SEK million)	31 Dec 2021	31 Dec 2020
Amount due for settlement within 12 months	1,000	-
Amount due for settlement within 13 to 59 months	900	-
Amount due for settlement after 60 months	-	-
Total	1,900	-

Note 21 continues**Terms and payback period, gross values**

2021					
Group (SEK million)	Effective interest rate	Total	Maturity 2022	Maturity 2023	Maturity 2024 or later
Liabilities to financial institutions	1.67%	1,900	1,000	900	-
Lease liabilities		125	42	29	54
Other interest-bearing liabilities		743	743	-	-
Accounts payable		483	483	-	-
		3,251	2,268	929	54

2020					
Group (SEK million)	Effective interest rate	Total	Maturity 2021	Maturity 2022	Maturity 2023 or later
Liabilities to financial institutions	1.55%	1,800	1,800	-	-
Lease liabilities		131	42	32	58
Other interest-bearing liabilities		1,144	1,143	-	-
Accounts payable		253	253	-	-
		3,328	3,238	32	58

The interest have been calculated using the current interest rates on 31 December. The liabilities have been included in the period when repayment may be required at the earliest.

Market risks**Interest rate risk**

Interest rate risk is the risk that changes in the market interest rates will adversely affect cash flow, financial assets and liabilities. The group is exposed to interest rate risk through loans, derivatives, other financial assets and utilized interest-bearing credit facilities. The group's financial policy aim to gain financial flexibility through a balanced mix between variable and fixed interest rates and spreading maturities to match funding needs. During 2020–2021, the interest rate period was less than 3 months.

Cash and cash equivalents amounted to SEK 943 (1,153) million as per 31 December.

As per 31 December 2021, the group had a bridge loan facility of SEK 1,000 (1,800) million and a revolving credit facility (RCF) of SEK 900 (0) million. Assuming the same debt structure, a one per cent change in interest rates would have an impact on the group's interest expense of approximately SEK 9.5 (0) million.

Credit risk

Credit risk is defined as the risk that the counterparty in a transaction will not fulfill its contractual obligations and any collateral will not cover the claim of the group. The credit risk in the group consists of financial credit risk and customer credit risk.

Financial credit risk is the risk arising for the group in its relations with financial counterparties. The management of the financial credit risk is regulated in the group's financial policy. Financial counterparties must have a rating of the equivalent of S&P's single A rating or higher for larger deposits of cash or surplus funds.

Standardized ISDA agreements are signed with all counterparties involved in foreign exchange transactions. Transactions are made within fixed limits and exposures are continuously monitored.

The credit risk with respect to the group's accounts receivables is diversified among a large number of customers, both private individuals and companies. The group's assessment based on historical data is that there are no write-down requirements for accounts receivables not due. The majority of the current outstanding accounts receivables comprise previously known customers, who are judged to have good credit worthiness. See also Note 15 Accounts receivables.

The group's exposure to credit risk amounts to SEK 2,178 (1,870) million as per 31 December. The exposure is based on the carrying amount for the financial assets, the major part comprising cash and cash equivalents and accounts receivables.

Insurable risks

The parent company ensures that the group has sufficient insurance cover for director and officer liabilities. Other insurances such as business interruption, loss of assets and travel insurance are covered in local insurance solutions in each subgroup or company.

Currency risk

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect the income statement, financial position and/or cash flows. The risk can be divided into transaction exposure and translation exposure. Please also refer to the Directors' Report under "Risks and uncertainties".

Note 21 continues**Transaction exposure**

Transaction exposure arise when the inflows and outflows in foreign currencies in the financial statements of the separate entities within the group are not matched. The group's treasury function strives to match inflows and outflows in the same currency and also to take advantage of natural hedges.

The transaction exposures in the group occurs when the subsidiaries have external and internal transactions in currencies other than the subsidiary's functional currency.

Currency (SEK million)	USD	EUR	NZD	SGD	DKK	NOK	CHF	GBP
Transaction outflows	-1,525	-529	-294	-3	-58	-2	-5	-45
Transaction inflows	2,386	667	294	69	84	18	15	38
Net transaction flows	860	138	0	66	26	16	10	-7
Effect if SEK falls 5 percent	23	6	5	0	5	1	0	0

The effect of a change in the rate by 5 percent on all outstanding positions as per 31 December would have been approximately SEK 42 (16) million; the impact on equity would be after deduction of tax.

Translation exposure

Translation exposure is the risk that arises when translating equity in a foreign subsidiary, associated company or joint venture. There are no hedging positions for translation exposure.

Foreign net assets, including goodwill and other intangible assets arising from acquisitions, are distributed as follows:

	2021		2020	
Currency	SEK million	%	SEK million	%
USD	608	5	626	9
EUR	3,799	30	3,808	53
NZD	1,542	12	-	-
INR	3,742	29	-	-
GBP	2,968	23	2,724	38
Other currencies	35	1	33	0
Total equivalent SEK value	12,694	100	7,191	100

A 5 percent change in EUR/SEK would affect equity by approximately SEK 190 (190) million, in GBP/SEK by SEK 148 (136) million and in INR/SEK by SEK 187 million.

Accounting for financial instruments

Financial assets and liabilities include cash and cash equivalents, securities, other financial receivables, accounts receivables, accounts payable, contingent considerations and loan liabilities.

Financial instruments – categories**Financial assets at fair value through profit or loss*****Shares and participations in other companies***

For the group's shareholdings, acquisition cost is initially considered to be a representative estimate of fair value. Subsequently, values are remeasured at fair value and gains/losses are recognized when there is a subsequent financing with 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 a sufficient amount of more recent information is available to measure fair value.

Financial assets at amortized cost

In all material respects, the group's financial assets carried at amortized cost consist of cash & cash equivalents, accounts receivable and other current receivables of an operating nature. Receivables are charged with expected credit losses.

Financial liabilities at fair value through profit or loss***Contingent considerations and options to acquire remaining shares in subsidiaries***

When a subsidiary is acquired and previous owners remain as non-controlling interest, the agreement often includes an option for the minority owners to sell their share of the acquired company to the group at a later stage. In such cases, no non-controlling interest is reported; instead a financial liability is recognized. The liability is reported at the discounted present value of the redemption amount of the shares. The contingent considerations as well as option liabilities to acquire remaining shares in subsidiaries are valued at fair value through profit and loss, as these to some extent are based on future performances. Revaluation of earn-outs is recognized in net financial items in the income statement.

Note 21 continues

The carrying amount of cash and cash equivalents, accounts receivable, other long-term receivables, other non interest-bearing receivables, other interest-bearing liabilities and accounts payable represent a reasonable approximation of fair value.

31 December 2021							
Group (SEK million)	Fair value through profit or loss	Financial assets/liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Shares and participations in other companies	481	-	481	135	-	346	481
Total	481	-	481	135	-	346	481
Financial assets measured at amortized cost							
Other non-current receivables	-	68	68	-	-	-	-
Other receivables, non interest-bearing	-	120	120	-	-	-	-
Accounts receivable	-	754	754	-	-	-	-
Cash and cash equivalents	-	943	943	-	-	-	-
Total	-	1,885	1,885	-	-	-	-
Financial liabilities measured at fair value							
Contingent consideration	2,319	-	2,319	-	-	2,319	2,319
Total	2,319	-	2,319	-	-	2,319	2,319
Financial liabilities measured at amortized cost							
Other interest-bearing liabilities	-	743	743	-	-	-	-
Liabilities to financial institutions	-	1,900	1,900	-	-	-	-
Trade and other payables	-	483	483	-	-	-	-
Total	-	3,126	3,126	-	-	-	-

31 December 2020							
Group (SEK million)	Fair value through profit or loss	Financial assets/liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Shares and participations in other companies	252	-	252	-	-	252	252
Total	252	-	252	0	0	252	252
Financial assets measured at amortized cost							
Other non-current receivables	-	23	23	-	-	-	-
Other receivables, non interest-bearing	-	142	142	-	-	-	-
Accounts receivable	-	465	465	-	-	-	-
Cash and cash equivalents	-	1,153	1,153	-	-	-	-
Total	-	1,783	1,783	-	-	-	-
Financial liabilities measured at fair value							
Contingent consideration	599	-	599	-	-	599	599
Total	599	-	599	-	-	599	599
Financial liabilities measured at amortized cost							
Other interest-bearing liabilities	-	1,144	1,144	-	-	-	-
Liabilities to financial institutions	-	1,800	1,800	-	-	-	-
Trade and other payables	-	253	253	-	-	-	-
Total	-	3,197	3,197	-	-	-	-

Note 21 continues

31 December 2021

Parent Company (SEK million)	Fair value through profit or loss	Financial assets/ liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost							
Trade and other receivables	-	252	252	-	-	-	-
Cash and cash equivalents	-	167	167	-	-	-	-
Total	-	419	419	-	-	-	-
Financial liabilities measured at amortized cost							
Liabilities to financial institutions	-	1,900	1,900	-	-	-	-
Trade and other payables	-	185	185	-	-	-	-
Total	-	2,085	2,085	-	-	-	-

31 December 2020

Parent Company (SEK million)	Fair value through profit or loss	Financial assets/ liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost							
Trade and other receivables	-	192	192	-	-	-	-
Cash and cash equivalents	-	516	516	-	-	-	-
Total	-	708	708	-	-	-	-
Financial liabilities measured at amortized cost							
Liabilities to financial institutions	-	1,800	1,800	-	-	-	-
Trade and other payables	-	994	994	-	-	-	-
Total	-	2,794	2,794	-	-	-	-

Note 21 continues**Valuation techniques level 1, 2 and 3**

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 are recognized when there is a subsequent financing with 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.

The group owns shares in Nazara Technologies Ltd. which is reported at fair value in the balance sheet with a value of SEK 135 million as of December 31, 2021 (SEK 36 million as of December 31, 2020). The fair value was previously categorized as level 3, as the shares were not listed. In 2021, Nazara Technologies Ltd. listed its shares and there are thus quoted prices on an active market, which prompted a transfer from level 3 to level 1.

Financial assets, level 3

Group (SEK million)	2021	2020
Opening balance 1 January	252	198
Reported gains and losses in net income for the period	77	30
Acquisition	34	33
Divestment	-1	-6
Transfer to level 1	-36	-
Translation differences	20	-1
Closing balance	346	252

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.

Financial liabilities, level 3

Group (SEK million)	2021	2020
Opening balance 1 January	600	377
New acquisitions	1,400	600
Exercised payments	-271	-38
Changes in fair value	322	2
Interest expenses from discounting	130	6
Reclassification	7	-320
Translation differences	131	-27
Closing balance 31 December	2,319	600

22**Supplementary information to the statement of cash flows****Adjustments to reconcile net income/loss to net cash provided by operations**

Group (SEK million)	2021	2020
Depreciation and amortization	480	244
Depreciation right-of-use assets	45	39
Impairment	0	25
Reversal of impairment	-	-8
Provisions	-105	128
Participation in associated companies and joint ventures	2	3
Discounting effect on contingent consideration	130	-
Revaluation of assets and liabilities to fair value	141	-27
Unrealized exchange rate differences	168	-46
Accrued interest	11	-
Income tax	190	177
Other items	11	0
Total	1,073	535

Cash paid for interest and corporate tax

Group (SEK million)	2021	2020
Interest paid	-16	-2
Corporate income tax	-286	-199
Total	-302	-201

Parent company (SEK million)	2020	2019
Interest paid	-16	-2
Interest received	0	0
Corporate income tax	-4	-2
Cash received for group dividends	0	0
Total	-20	-4

Reconciliation of debts arising from financing activities

Group (SEK million)	Opening balance 2021	Cash flows	Other changes	Closing balance 2021
Short-term loans	1,800	-800	-	1,000
Long-term borrowings	-	900	-	900
Lease liability	131	-47	41	125
Total	1,931	53	41	2,025

Group (SEK million)	Opening balance 2020	Cash flows	Other changes	Closing balance 2020
Short-term loans	0	1,800	-	1,800
Lease liability	140	-41	32	131
Total	140	1,759	32	1,931

The parent company has interest-bearing receivables from and liabilities to other group companies. The liabilities to group companies at year-end amounted to SEK 153 (989) million. Receivables from group companies at year-end amounted to SEK 0 (79) million.

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Leases

The group recognizes right-of-use assets and lease liabilities for most leases, and the leases are thereby included in the balance sheet, with the exceptions stated below.

Lease liabilities are valued at the present value of the remaining leasing fees, discounted by funding base rates (applicable local IBOR rate) with a risk premium depending on the term of the lease.

The expenses are recognized in the income statement as a depreciation of the asset and as an interest expense on the lease liability.

The group has chosen not to account for right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less or underlying assets of low value. Leasing fees for these leases are reported as a cost on a straight-line basis over the lease term.

The reported right-of-use assets are mainly attributable to properties representing 99 percent of the total value of the right-of-use assets. Others are mainly car leases.

Some property leases contain extension options exercisable up to one year before the end of the non-cancellable contract period. The extension options are exercisable by the group and not by the lessor. At lease commencement, the group assesses whether it is reasonably certain to exercise the options. A reassessment is done if there is a significant event or other circumstances. The group has estimated that the potential lease payments would result in an increase of the leasing liabilities of SEK 19 million, should the group decide to exercise the options.

Right-of-use asset

Group (SEK million)	Property	Other	Total
Balance at January 1, 2020	138	1	139
New/terminated leases	29	1	30
Depreciation charge for the year	-39	-1	-40
Balance at December 31, 2020	128	1	129

Right-of-use asset

Group (SEK million)	Property	Other	Total
Balance at January 1, 2021	128	1	129
New/terminated leases	38	1	39
Depreciation charge for the year	-45	0	-45
Balance at December 31, 2021	122	1	123

Maturity analysis – Contractual undiscounted cash flows

Group (SEK million)	31 Dec 2021	31 Dec 2020
Less than one year	36	36
One to five years	83	89
More than five years	7	7
Total undiscounted lease liabilities at December 31	125	132
Lease liabilities included in the statement of financial position at December 31	125	132
Current	42	42
Non-current	83	90

Group (SEK million)	2021	2020
Amounts recognized in profit or loss		
Interest on lease liabilities	-2	-3
Expenses related to short-term leases	-8	-7
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	-4	0
Total	-14	-10
Amounts recognized in the statement of cash flows		
Total cash outflow for leases	-47	-41

Group (SEK million)	31 Dec 2020	31 Dec 2020
Age analysis lease liabilities		
Less than 6 months	20	20
6–12 months	22	22
1–2 years	29	32
2–5 years	50	51
Over 5 years	4	6
Total lease liabilities	125	132

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Average number of employees

Group	2021		2020	
	Men	Women	Men	Women
Sweden	53	21	57	17
Germany	452	128	450	127
United Kingdom	145	25	8	2
Denmark	25	10	13	4
France	8	2	11	3
United States	145	25	99	23
India	171	78	-	-
New Zealand	30	11	-	-
Other	80	51	89	38
Total	1,109	351	727	214
Total average number of employees		1,460		941

Parent company	2021	2020
Men	11	10
Women	7	6
Total	18	16

Gender distribution senior executives

Group	2021		2020	
	Men %	Women %	Men %	Women %
Board of Directors	56	44	56	44
Senior executives	93	7	91	9
Total	81	19	78	22

Parent company	2021		2020	
	Men %	Women %	Men %	Women %
Board of Directors	57	43	57	43
CEO	0	100	0	100
Other senior executives	100	0	100	0
Total	64	36	64	36

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Salaries, other remuneration and social security expenses

Group (SEK million)	2021	2020
Wages and salaries	987	850
Social security contributions	113	100
Pension costs	26	12
Share-based payments	8	-
Social security contributions on share-based payments	2	-
Total	1,136	961

Group (SEK million)	2021	2020
Board of Directors, CEO and other senior executives ¹⁾	71	82
<i>of which variable salary</i>	<i>48</i>	<i>38</i>

1) Includes SEK 5.7 (5.3) million in Board fees approved by the Annual General Meeting.

Total salaries in the parent company include remuneration to the CEO and other senior executives 3 (4) persons of SEK 18 (54) million, of which variable salary is SEK 8 (26) million.

Remuneration to the Board of Directors and Senior Executives 2021

A fee is paid to the Board of Directors in accordance with the decision of the Annual General Meeting. The remuneration to senior executives is paid in accordance with the guidelines approved by the Annual General Meeting 2021.

MTG's Remuneration Guidelines are designed to incentivize and reward both the company's and individual performance, to be market competitive to attract and retain key talent, and to incentivise the creation of long-term shareholder value.

Total remuneration may consist of fixed salary, variable components in the form of short-term and long-term incentive plans, pension and other benefits/allowances.

Remuneration principles

The Remuneration Guidelines provide a structure that aligns remuneration with the successful delivery of our long-term strategy: to drive profitability and organic growth in our vertical companies and invest in high-potential esports and gaming businesses. The guidelines set guiding principles for the selection of LTIP performance measures and LTIP performance periods to ensure the link to the shareholder value, and as such, the guidelines contribute to the long-term success and value creation of the company. The guidelines provide for the ability to set relevant financial and non-financial STI measures, including governance, social and environmental, further contributing to alignment between the guidelines and sustainability as well as the company values, which are Bold, Smart, Engaging and Fun. The performance measures for the STI are determined by the Remuneration Committee based on the business priorities for the year. Every year, stretch objectives are set in the light of the Company's annual business plan and the operating environment. The guidelines provide incentives for the CEO and the senior executives to promote an innovative and performance-based culture which contributes to achieving the company's mission.

Parent company (SEK million)	2021	2020
Board of Directors, CEO and other senior executives	24	59
<i>of which variable salary</i>	<i>8</i>	<i>26</i>
Other employees	17	17
Total salaries and other remuneration	40	76
Social security expenses	16	28
<i>of which pension costs</i>	<i>3</i>	<i>4</i>
<i>of which pension costs CEO</i>	<i>1</i>	<i>1</i>

The remuneration to the CEO and the senior executives consists of base salary, short-term and long-term incentives, pension and other benefits.

Base salary

It attracts and retains the CEO and the senior executives, taking into account their individual responsibilities, their personal contribution, the size of their role and the business' complexity. The base salary for the CEO and the senior executives shall be competitive. The base salary is reviewed annually, typically with effect from 1 January. The Remuneration Committee looks at pay practices in selected comparison groups; the benchmarks are provided by independent advisors. Salary decisions also take into account the performance and experience of the individual, changes in the size and scope of the role, and the level of salaries across the business.

Short-term Incentive (STI)

It drives and rewards achievement of our stretching annual financial, strategic, operational and sustainability targets aligned with our business strategy. The STI is capped at 125 percent of the individual's base salary. Performance measures and weightings are reviewed at the start of each year to take account of current business plans and ensure that they continue to support the short-term business strategy. These measures can vary from year to year to reflect business priorities. Typically, the measures include a balance of the Company's financial performance measures (for example profitability, revenue and cash flow measures) and non-financial measures (for example key operational, strategic, environmental, social, governance or other sustainability related measures) provided that in any given year, the majority of the weighting will be on financial performance measures. Through the combination of the financial measures with the non-financial measures the STI will contribute to the long-term interests and sustainability of the company. Details of actual performance measures applied for each year and how they support the business strategy will be disclosed in the annual Remuneration Report. Performance against targets is monitored and determined based on an assessment of performance level versus each target level. The Board reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final pay-out level. As regards the financial criteria, the evaluation shall be based on the

Note 25 continues

latest financial information made public by MTG. The Board has discretion to adjust the formulaic STI outcome in changed circumstances to improve the alignment of pay with value creation for shareholders and to ensure that the outcome is a fair reflection of the company's performance, and will take into account any relevant environmental, social, and governance (ESG) matters when determining outcomes. To further strengthen the connection to the shareholders' interest and the company's long-term value creation, payment of part of the STI may be deferred and delivered in MTG shares that must be retained for an agreed period of time. Awards are subject to claw-back in cases where the final payment is made based on performance that is proven to be manifestly misstated. The Board may decide to reclaim the final payment, wholly or in part. In its decision to reclaim any amount the Board may, in its sole discretion, reduce the amount to be reclaimed based on the employee's lack of direct involvement in the performance and reporting of performance which has been manifestly misstated.

Extraordinary arrangements

By way of exception, additional one-off arrangements can be made on a case by case basis when deemed necessary, on the condition that such extraordinary arrangement is made for recruitment or retention purposes and is subject to Board approval. Each such arrangement shall be capped at, and never exceed, 200 percent of the individual's annual base salary.

Long Term Incentive Program (LTIP)

The Board may offer LTIPs in order to attract and retain key individuals, and share the success of the company's growth. The LTIPs that can be offered are 3–4-year plans which are share or share price-related programs (such as performance share plans and/or warrant plans), which will be presented to the General Meeting for adoption, irrespective of these guidelines. Share and share price-related LTIPs shall be structured to ensure a long-term commitment to the development of MTG and with the intention that the senior executives shall have a significant long-term shareholding in MTG. The outcome shall be linked to certain pre-determined performance criteria, based on MTG's share price and value growth. The Board has also, irrespective of these guidelines, in 2018 agreed to offer one employee, today a senior executive, participation in the local Management Incentive Programs, i.e. a cash based LTIP linked to pre-determined levels for the value creation of a specific segment or subsidiary within MTG. The maximum outcome had a predetermined cap. The program was terminated and regulated during 2021, see table on the next page.

More information regarding the ongoing LTIPs, including the criteria which the outcome depends on, can be found on MTG's website and in the most recent annual report, www.mtg.com.

Pension

Pensions provide competitive and appropriate retirement arrangements in the context of the market practice in the applicable country of the executive's employment or residence and total remuneration. The pension arrangements shall be provided in the form of a defined contribution pension or as a cash allowance and shall amount to no more than 20 percent of the individual's annual base salary.

Other benefits

Other benefits provide a competitive level of benefits and supports recruitment and retention. Other benefits may include car allowances, company cars and housing. The combined value of these benefits shall normally constitute a limited value in relation to the total remuneration package and correspond to market practice.

Additional benefits may be provided to senior executives under certain circumstances, such as in case of relocation or international assignments, in line with the overall purpose of these guidelines.

Termination of employment and severance pay

In general, executive contracts are of indefinite duration. The notice period can be up to one year for either party and non-compete restrictions can go up to one year. The Company may require the individual to keep performing their regular duties during the notice period or assign garden leave.

If a senior executive's employment agreement is terminated, the STI will be evaluated and paid pro rata for the period up to the termination date, where applicable. It should be noted that these cases are handled according to the discretionary right of the Board.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of their remuneration and its increase and growth rate over time, in the Board's basis of decision when evaluating whether the guidelines and the limitations set out therein are reasonable.

Deviations from the guidelines

The Board may temporarily resolve to deviate from the guidelines, in whole or in part if it has a special reason to do so in the individual case and such a deviation and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. The Remuneration Committee's tasks include preparing the Board's resolutions on remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Senior executives

Senior Executives include the Chief Executive Officer, the Chief Financial Officer, Executive Vice Presidents and the Group General Counsel. The Senior Executives are found on page 65. The following changes to the Group Management were made in 2020; Jørgen Madsen Lindemann was CEO until end of September 2020 and Maria Redin was appointed to replace him as the CEO. Lars Torstensson, EVP Head of Communication & Investor Relations, was appointed new CFO. Peter Nørrelund left the group in July 2020. In 2021 there were no changes to the Group Management.

Note 25 continues**Remuneration and other benefits 2021**

(SEK thousand)	Board fee	Base salary	Variable remuneration	Other benefits	Pension costs	Extraordinary costs	Total
Simon Duffy, Chairman of the Board	1,600	-	-	-	-	-	1,600
Simon Leung	680	-	-	-	-	-	680
Marjorie Lao	785	-	-	-	-	-	785
Chris Carvalho	680	-	-	-	-	-	680
Dawn Hudson	620	-	-	-	-	-	620
Natalie Tydeman	620	-	-	-	-	-	620
Gerard Florin	690	-	-	-	-	-	690
Jørgen Madsen Lindemann, former CEO	-	-	-	21	-	-	21
Maria Redin, CEO	-	5,950	5,950	362	595	-	12,857
Senior Executives (3 persons)	-	9,114	8,769	635	588	33,071	52,177
Total	5,675	15,064	14,769	1,018	1,183	33,071	70,730

The 2021 amounts disclosed for the Senior Executives relate to the full year. The numbers include variable remuneration of remuneration of SEK 6 (3) million, which is payable after the year-end for the Chief Executive Officer.

As set out in MTG's remuneration guidelines, senior executives, that have a direct impact on the value creation in MTG's verticals and subsidiaries, may participate in local Management Incentive Programs, i.e. cash based LTIPs linked to pre-determined levels for the value creation of a specific segment or subsidiary within MTG. In 2021 payment for such programs, launched 2018, to one (1) of the senior executives, was SEK 33 million, and is presented as extraordinary costs in the table above."

In addition, non-cash share-based incentive program costs calculated in accordance with IFRS 2 amounted to SEK 3 (0) million for

the CEO and SEK 3 (0) million for other members of Group Management. Out of the remuneration to other members of the Group management, SEK 8 (18) million was expensed in the parent company and SEK 43 (16) million was expensed in the subsidiaries.

In 2022, a retention cash incentive to the CEO and one of the other senior executives was implemented in accordance with, and to the maximum amount provided for by, the Remuneration Guidelines provisions regarding extraordinary arrangements. The retention cash incentive is to be paid out in two equal installments in Q1 2022 and in Q1 2023. Information regarding amounts expensed will be included in the 2022 and 2023 "Remuneration and other benefits" table, respectively.

Remuneration and other benefits 2020

(SEK thousand)	Board fee	Base salary	Variable remuneration	Other benefits	Pension costs	Extraordinary costs	Total
David Chance, Chairman of the Board	1,503	-	-	-	-	-	1,503
Simon Duffy	735	-	-	-	-	-	735
Gerard Florin	553	-	-	-	-	-	553
Natalie Tydeman	640	-	-	-	-	-	640
Dawn Hudson	630	-	-	-	-	-	630
Marjorie Lao	630	-	-	-	-	-	630
Chris Carvalho	630	-	-	-	-	-	630
Jørgen Madsen Lindemann, CEO until end of September	-	9,303	18,571	936	930	9,923	39,664
Maria Redin, CEO from 3th of September 2020	-	1,924	1,413	45	194	-	3,576
Senior Executives (5 persons)	-	13,584	17,808	1,146	1,079	-	33,617
Total	5,320	24,811	37,793	2,127	2,204	9,923	82,177

In 2020, variable remuneration included cash-based retention bonuses, which were awarded to the CEO and certain senior executives as they were instrumental in the project to split MTG into two companies. The cash-based retention bonus was approved prior to the split of MTG and NENT in Q1 2019 and it was paid out in April 2020. The extraordinary costs for Jørgen Madsen Lindemann refer to a payment in lieu of notice, i.e. his salary during the remainder of his notice period until 23 July 2021. Pursuant to Jørgen Madsen Lindemann's employment agreement, which was signed in 2012, the Board had a right to terminate the agreement at

any time with immediate effect, subject to payment in lieu of notice, if notified of his intent to resign. The Board decided to exercise this option and decided to terminate the employment on 30 September 2020 and make a payment in lieu of notice. The payment is equal to Jørgen's base salary, without other benefits or pension, for the remaining part of the notice period.

Decision process

The remuneration to the Chief Executive Officer was decided by the Board of Directors. Remuneration to executive management is monitored and reviewed by the Board.

Note 25 continues**Share-based payments**

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments, including social security contributions, is based on the group's estimate of shares that will eventually vest and is expensed on a straight-line basis over the vesting period. The fair value expense excluding social security contributions is reported in the income statement as personnel costs with the corresponding increase in equity. For the recurring calculation of social security contributions, the fair value is re-valued quarterly. MTG's share-based plans all have three-year vesting periods and payment is subject to the meeting of certain stipulated goals.

The Annual General Meetings have established incentive programs for senior executives and key personnel. The company has two outstanding long-term Incentive programs: the 2019 LTIP which comprises both a performance share plan and warrants and the 2021 LTIP which is a co-investment performance share plan. For 2020, the Board decided not to propose any long-term Incentive program to the 2020 AGM in light of the uncertain financial effects and possible impact from Covid-19.

Long-term incentive program 2019

The 2019 long-term incentive program comprised both a performance share plan and warrants. The targets for the performance share program 2019 were not met so there is no outcome for the participants.

The 2019 warrant plan was directed to the CEO and senior executives. The warrants issued confer an entitlement of no more than 434,667 Class B shares. Each warrant gives the holder the right to, during a period from 15 June 2022 to 15 June 2023, subscribe to one new Class B share at 115 percent of the average volume-weighted share price during the period 9 May 2019 and 22 May 2019. MTG subsidises the participants' purchase of warrants by granting the participants cash compensation corresponding to between 25–75 percent (depending on the participant's category), net after taxes, of the warrants purchased by the participant. Such subsidy will be paid out at the time of purchase of the warrants. If the participant leaves MTG during the three-year vesting period for the subsidy, MTG may under certain circumstances reclaim the subsidy, in whole or in part, in proportion to the term of the vesting period. The participants' maximum profit is capped at 4.0 times the share price of SEK 117.24, the average volume-weighted share price during the five last trading days in March 2019.

Based on the rights issue, which was approved by the Extraordinary General Meeting (EGM) in January 2021, and in accordance with the terms and conditions for warrants 2019/2022, a recalculation of the subscription price as well as a recalculated number of MTG Class B shares for which each warrant entitles the holder to subscribe shall apply. The rationale for the recalculation is to compensate the warrant holders for the shareholders' right to purchase new MTG Class B shares at a discount. The recalculated exercise price (subscription price) is 120 SEK.

Share-based long-term incentive plan 2021

The 2021 LTIP was approved at the EGM on 21 January 2021 and it was directed to approximately 17 participants. The participants are required to hold shares in MTG equivalent to at least 5 percent and up to 20 percent of the gross annual base salary of each participant to participate in the 2021 LTIP.

For each share held, the participant receives the right to receive Class B shares free of charge (the "Share Rights"), which shall vest depending on the fulfilment of pre-determined performance criteria. The maximum number of Share Rights that may be granted under the 2021 LTIP is 363,331 (prior to any recalculation due to the rights issue resolved on by the board of directors on December 17, 2020).

The Share Rights shall vest free of charge after a three-year period ending on December 31, 2023, and the number of Share Rights that vest shall be determined based on the annual TSR (i.e., the value increase plus (i) any dividends paid during such period and (ii) the theoretical value of any subscription rights allotted to shareholders in any rights issue, including the rights issue resolved on by the board of directors on 17 December 2020) of Class B shares at the end of the vesting period (the "TSR"). The TSR shall be determined based on an initial share price equivalent to the VWAP during the period from 1 October 2020 to 31 December 2020 and a final share price equivalent to the VWAP during the period from 1 October 2023 to 31 December 2023 (plus (i) any dividends paid during such period and (ii) the theoretical value of any subscription rights allotted to shareholders in any rights issue, including the rights issue resolved on by the board of directors on 17 December 2020). If the TSR is less than 8 percent per annum (the "Threshold TSR"), no Share Rights shall vest. If the TSR is equal to the Threshold TSR (i.e., 8 percent per annum), 25 percent of the Share Rights shall vest. If the TSR is equivalent to 35 percent per annum or more (the "Maximum TSR"), 100 percent of the Share Rights shall vest. If the TSR is between the Threshold TSR and the Maximum TSR, the Share Rights shall vest in a linear proportion.

The number of Share Rights may be recalculated by the board of directors in the event of rights issues of shares, share splits, reversed share splits or similar events.

The rights issue, which was resolved on by the board of directors on 17 December 2020, was approved by the EGM in January 2021. Based on the rights issue, the number of Share Rights were subject to customary recalculation (in addition to the TSR being increased by the theoretical value of the subscription rights).

Cost effects of the incentive programs

The programs are equity-settled programs. The initial fair value of the stock option programs at the grant date is expensed during the vesting period. The cost of the programs is recognized in equity as an operating expense. The cost is based on the fair value of the MTG Class B share on the grant date and the number of shares expected to vest. The cost recognized for the programs in 2021 according to IFRS 2 amounts to SEK 8 (0) million excluding social security contributions. Total provision for the social security contributions in the balance sheet amounted to SEK 2 (0) million.

Note 25 continues

There were no exercisable Share Rights at the end of 2021.

Dilution

If all warrants granted to senior executives and key employees as at 31 December 2021 were exercised, the outstanding shares of the

Company would increase by 477,590 (426,420) Class B shares, since the participants receive 1.12 shares for each warrant after recalculation. This will be equivalent to a dilution of 0.41 percent (0.63) of the issued capital and 0.39 percent (0.59) of the related voting rights at the end of 2021.

Distribution of issued share awards and warrants

No of share awards and warrants outstanding	CEO	Senior executives	Key personnel	Total
LTIP 2019	250,253	136,759	39,408	426,420
LTIP 2021	100,057	211,725	43,948	355,730
Total outstanding as per 31 December 2021	350,310	348,484	83,356	782,150

	2021		2020	
	No. of share awards	No. of warrants	No. of share awards	No. of warrants
Share awards outstanding at 1 January	-	426,420	-	426,420
Share awards issued during the year	359,780	-	-	-
Share awards forfeited during the year	-4,050	-	-	-
Total outstanding as per 31 December	355,730	426,420	-	426,420

The remaining average contractual life for the outstanding warrants for 2019 program is 1.0 years and may be exercised between 15 June 2022 and 15 June 2023. The remaining average contractual life for the outstanding shares awards for 2021 program is 2 years and the shares awards will be exercised in the first quarter of 2024.

Warrant, assumptions used when calculating value at grant

Expected volatility 28.5 percent, expected life 3.5 years, and risk free interest rate 0 percent.

LTIP programs/ Financial year	No. of allocated share awards and warrants	No. of people	Exercise price (subscription price (SEK) warrants)	Theoretical value at allocation (SEK)	Exercise period	Out-standing share awards and warrants as per 1 January	Recalculation due to dividend	Forfeited during the year	Exercised during the year	Out-standing share awards and warrants as per 31 December
Grant 2019										
2021	-	-	-	-	-	426,420	-	-	-	426,420
2020	-	-	-	-	-	426,420	-	-	-	426,420
2019	648,500	25	120.00	115.63	2022	-	-	-222,080	-	426,420
Grant 2021										
2021	359,780	15	-	-	2024	-	-	-4,050	-	355,730
Total grant										
2021	-	-	-	-	-	426,420	-	-4,050	-	782,150
2020	-	-	-	-	-	426,420	-	-	-	426,420
2019	-	-	-	-	-	-	-	-222,080	-	426,420

The subscription price presented in the above table was recalculated based on the rights issue which was approved by the EGM in January 2021. In accordance with the terms and conditions for warrants 2019/2022, a recalculation of the subscription price as well as a recalculation of the number of MTG Class B shares for which

each warrant entitles the holder to subscribe shall apply. The rationale for the recalculation is to compensate the warrant holders for the shareholders' right to purchase new MTG Class B shares at a discount.

26 Audit fees

(SEK million)	Group		Parent	
	2021	2020	2021	2020
KPMG, audit fees	12	8	2	1
KPMG, audit-related fees	0	0	1	-
KPMG, other assurance services	2	2	0	2
KPMG, other services	3	9	0	1
Other, audit fees	1	0	-	-
Total	18	19	3	4

27 Related party transactions

Related Parties

The group has related party relationships with its subsidiaries, associated companies and joint ventures (see Notes 7 and 13).

All related party transactions are based on market terms and negotiated on an arm's-length basis. In 2021, there were no transactions with associated companies or joint ventures.

Remuneration of senior executives

Chris Carvalho has been a member of the Board of MTG since the 2020 Annual General Meeting, i.e. since 18 May 2020. In parallel

with his Board assignment, Chris Carvalho has an assignment as a consultant and advisor at MTGx Gaming Holding AB, an assignment that commenced in February 2019. The consultancy fee paid by MTGx Gaming Holding AB to Chris Carvalho during the period 1 January 2021 to December 31, 2021 was 724 kSEK.

Gerhard Florin has been a member of the Board of MTG since the Annual General Meeting 2018. He also serves as a Board member of Innogames. Innogames has paid 750 kSEK in board fees to Gerhard Florin in 2021, the payment from Innogames are in addition to the MTG board fees which were approved at the Annual General Meeting 2021.

28 Acquired operations

Acquired operations 2021

(SEK million)	Ninja Kiwi	PlaySimple
Cash paid	583	2,388
Payment with MTG shares	541	-
Additional purchase price and other settlements, non-paid	607	1,597
Total consideration	1,731	3,985
Recognized amounts of identifiable assets and liabilities		
Net Assets	60	-26
Cash and cash equivalents	76	227
Deferred tax receivables/liabilities net	-97	-234
Intangible assets	400	930
Net identifiable assets and liabilities	439	897
Goodwill	1,292	3,088
Total value	1,731	3,985

Acquisitions in 2021

Ninja Kiwi

The group completed the acquisition of 100 percent of the shares in Ninja Kiwi Ltd. on June 1. Ninja Kiwi is a leading New Zealand-based developer and publisher of tower defence mobile games. Ninja Kiwi has a diversified games portfolio consisting of over 25 premium and free-to-play games which the company developed by building and improving games around the evergreen Bloons IP.

Ninja Kiwi has broadened MTG's gaming segment to also include the tower defense games genre. The acquisition of Ninja Kiwi marks an important next step in the build-up of a more diversified gaming segment with high-quality gaming companies and is in line with MTG's strategy to drive value creation through organic growth and strategic mergers and acquisitions.

The purchase price for the acquisition of Ninja Kiwi (on a cash and debt-free basis) consisted of an initial purchase price of SEK 1,223 million (NZD 204 million). Of the upfront purchase consideration, SEK 541 million (NZD 90 million) was paid through a directed share issue to the sellers of Ninja Kiwi comprising 4,435,936 new Class B shares in MTG, which were paid by way of a set-off. The subscription price per share amounts to the equivalent of SEK 121.9, corresponding to the volume-weighted average price of the Class B shares on Nasdaq Stockholm from February 24 to March 23, 2021. Of the remaining part of the upfront purchase consideration, which amounted to equivalent to SEK 684 million (NZD 114.5 million), SEK 583 million (NZD 98 million) was paid in cash on June 1 and the remaining SEK 101 million (NZD 16.5 million) was paid in cash in December. In addition to the upfront consideration, MTG will make performance-based earn-out payments where the discounted value was estimated to SEK 389 million (NZD 64.5 million) at the time of the acquisition. The amount of the earn-out payments depend on the financial performance of Ninja Kiwi during 2021–2022. The first part of the earn-out, amounting to SEK 260 million, was paid in December. As a result of the significant overper-

Note 28 continues

formance by Ninja Kiwi during 2021, the remaining discounted earn-out liability was remeasured at the end of 2021 to amount to SEK 608 million. Total remeasured estimated earn-out for the acquisition of Ninja Kiwi is SEK 868 million (including a currency conversion effect of SEK 16 million). Revaluation of earn-outs is recognized in net financial items in the income statement. Calculated goodwill for Ninja Kiwi is based on several factors. Among these are Ninja Kiwi's strong portfolio of live games and games in development, its established genre mastery, and the potential for additional group-wide synergies across MTG's gaming segment, which will enable further increased user acquisition rates and lifetime values (LTV) for existing and new titles as well as operational improvements by implementing a new best practice across the gaming segment.

The preliminary purchase price allocation for Nina Kiwi has been adjusted after review of earn-outs, see table below.

Transactions costs of SEK 13 million are reported as administrative expenses in the income statement and as M&A transaction costs in adjusted EBITDA.

PlaySimple

The group completed the acquisition of 77 percent of the shares in PlaySimple on July 30, 2021. The second step of acquiring the remaining 23 percent of the shares in PlaySimple will be completed following regulatory approval. In the financial statement, a liability is recognized for the future acquisition of the remaining 23 percent and PlaySimple is treated as fully acquired (100 percent). No non-controlling interest is recognized. PlaySimple is a fast-growing developer and publisher of high-quality free-to-play mobile word games. With more than 200 full-time employees, a vision to create simple and impactful casual game experiences on a massive scale and best-in-class tech and analytics infrastructure, PlaySimple has become one of India's most exciting and fastest-growing mobile gaming companies. The company has built a worldwide network of chart-topping games with over 75 million installs to date, including the hit titles Daily Themed Crossword, Word Trip, Word Jam, Word Wars and Word Trek.

The purchase price for the acquisition of PlaySimple (on a cash and debt-free basis) consisted of an upfront consideration of SEK 3,090 million (USD 360 million). Of the upfront consideration, 77 percent, equivalent to SEK 2,388 million, was paid in cash on July 30, 2021, and 23 percent will be paid in MTG Class B shares following regulatory approval for the founders to receive the consideration in shares. Upon approval, the founders will receive 6,194,343 MTG

Class B shares for the remaining 23 percent of the shares in PlaySimple (equivalent to a value per MTG Class B share of SEK 115.16, which corresponds to the 20-day volume-weighted average price of MTG Class B shares on Nasdaq Stockholm up to and including July 1, 2021, using the USD/SEK FX-rate of 8.582). If the founders do not obtain approval to receive the consideration in shares by October 31, 2023, MTG will acquire the remaining shares in PlaySimple against a cash consideration equivalent to the value of the consideration in shares at such time. In addition to the upfront consideration, MTG will make performance-based earn-out payments where the discounted value was estimated to amount to SEK 891 million at the time of the acquisition. The amount of the earn-out payments, which are made annually, depend on the financial performance of PlaySimple during 2021-2025. To meet the overperformance of PlaySimple during 2021 and the forecasts, the earn-out liability has been remeasured, and the discounted value at the end of 2021 amount to SEK 1,144 million (including a currency conversion effect of SEK 57 million). Revaluation of earn-outs is recognized in net financial items in the income statement. Calculated goodwill for PlaySimple is based on several factors. Among these are PlaySimple's best-in-class advertising infrastructure, its strong portfolio of lives games in the word games genre, its track record of developing multiple highly successful free-to-play games, and the potential for group-wide synergies within ads monetization, user acquisition and cross-promotion throughout MTG's gaming segment.

Transactions costs of SEK 39 million for the acquisition are reported as administrative expenses in the income statement and as M&A transaction costs in adjusted EBITDA.

Acquisitions in 2021**Contributions during 2021 from the acquisition date**

(SEK million)	Ninja Kiwi	PlaySimple
Net sales	301	609
EBIT ¹⁾	174	63

¹⁾ EBIT includes amortization costs of purchase price allocations of SEK 24 million for Ninja Kiwi and SEK 57 million for PlaySimple.

Contributions from acquisitions if the acquisition had occurred 1 January 2021

(SEK million)	Ninja Kiwi	PlaySimple
Net sales	516	1,258
EBIT ¹⁾	257	80

¹⁾ EBIT includes amortization costs of purchase price allocations of SEK 41 million for Ninja Kiwi and SEK 136 million for PlaySimple. The result for PlaySimple also includes SEK 31 million in accelerated vesting of Employee Share Ownership Program (ESOP).

Changes in earn-out debt

Company (SEK million)	Earn-out debt Jan 1, 2021	At the time for acquisition	Adjustment of preliminary purchase price allocation	Revaluation	Discounting effects	Payment	Exchange rate effect	Reclassification	Earn-out debt Dec 31, 2021
Hutch	586	-	-	-166	78	-	58	-	556
Ninja Kiwi	-	389	120	335	8	-260	16	-	608
PlaySimple	-	891	-	153	44	-	57	-	1,144
Other	14	-	-	-	-	-11	-	7	10
Total	600	1,280	120	322	130	-271	131	7	2,319

Note 28 continues**Acquisition in 2020**

The group acquired 100 percent of the shares in Hutch Games Ltd. on 18 December 2020. Hutch is a leading developer and publisher of free-to-play mobile games focused on the racing genre in the highly attractive midcore segment. The acquisition enables strong growth opportunities within a new and highly attractive game category for MTG while also further diversifying the group's games portfolio.

The purchase price for the acquisition of Hutch (on a cash and debt free basis) consisted of an initial cash purchase price of USD 265.34 million (corresponding to SEK 2,224 million) and 627,431 new Class B Shares in MTG which some of the sellers subscribed for with payment by set-off at a subscription price corresponding to the volume-weighted average price of the Class B Share on Nasdaq Stockholm from 10 November to 7 December 2020 (i.e. SEK 129.8 per share). The fair value of the share consideration thus amounts to SEK 81 million. In addition to this, MTG may be required to make an earn-out payment that pursuant to a calculation of the present value was estimated to USD 71.6 million (equivalent to SEK 600 million) at the time of the acquisition. The estimated earn-out payment was recalculated at the end of 2021 to USD 61.5 million (equivalent to SEK 556 million). Up-front cash paid amounted to SEK 2,346 million. Calculated goodwill for Hutch is based on several factors, such as expertise to successfully develop games within the mobile racing genre, realizing synergies together with other gaming companies in MTG's gaming segment, scaling of existing and future games, and operational improvements by implementing MTG best practice.

The preliminary purchase price allocation for Hutch has been adjusted for provisions that were not accounted for. The purchase price allocation is now final.

Transaction costs of SEK 31 million are reported as administrative expenses in the Income Statement and in Adjusted EBITDA as M&A transaction costs.

Contributions during 2020 from the acquisition date

(SEK million)	2020
Net sales	-
EBIT	-

Contributions from acquisitions if the acquisition had occurred on January 1, 2020

(SEK million)	2020
Net sales	639
EBIT ¹⁾	46

1) EBIT include acquisition-related costs of SEK 105 million.

29**Events after the reporting period****Divestment ESL Gaming**

On 24 January 2022, MTG announced the sale of ESL Gaming to Savvy Gaming Group (SGG) in an all-cash transaction valuing ESL Gaming at an enterprise value of USD 1,050 million (equaling SEK 9,723 million). MTG owns 91.46 percent of ESL Gaming, which corresponds to USD 960 million (equaling SEK 8,890 million) of the total enterprise value, representing a total return on investment of 2.5 times.

The transaction is expected to close in the second quarter of 2022. Net proceeds are expected to be approximately USD 875 million (SEK 8,103 million), including transaction-related costs and fees. MTG intends to return at least 40 percent of the net proceeds to its shareholders, while the rest of the proceeds will be used to strengthen MTG's position in the global gaming market and the continued execution of its Buy and Build strategy.

As announced on January 24, 2022, MTG has agreed to divest ESL Gaming in an all-cash transaction valuing MTG's holding to USD 960m (equaling SEK 8,890m). Based on the envisaged transaction timetable, MTG's Board of Directors expects to propose the return of funds to its shareholders in connection with the Annual General Meeting on June 8, 2022.

Extraordinary General Meeting

In order to give the Board more options in its efforts to deliver long-term shareholder value and total return, as well as return to shareholders following the ESL Gaming transaction, the Board proposed that the Extraordinary General Meeting, on 22 March 2022, resolve to authorise the Board to repurchase MTG's own shares, for the cancellation of shares through a reduction of the share capital, in accordance with the following conditions:

The repurchase of shares (Class A and/or Class B) shall take place on Nasdaq Stockholm, on one or more occasions during the period up until the next Annual General Meeting in May 2022. The number of shares repurchased must not cause MTG's holding to exceed 10 percent of the total number of shares in MTG.

The repurchase of shares on Nasdaq Stockholm may occur at a price per share within the at each time registered share price interval, by which is meant the difference between the highest buying price and the lowest selling price.

The shares repurchased by MTG must be those that from time to time have the lowest price of all available shares.

The general meeting resolved in accordance with the proposal.

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Proposed appropriations of earnings

The following funds are at the disposal of the shareholders as at 31 December 2021 (SEK):

Parent company (SEK million)	
Premium reserve	4,272,648,716
Retained earnings	4,915,288,512
Net result 2021	-94,250,601
Total as per 31 December 2021	9,093,686,627

The Board of Directors propose that no further dividend be paid to MTG shareholders for the 2021 financial year and that the retained earnings be carried forward.

SIGNATURES

The Board of Directors and the Chief Executive Officer confirm that the annual accounts have been prepared in accordance with accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the group's and parent company's financial position and results of operations.

The Board of Directors' Report for the group and the parent company gives a true and fair view of the group's and the parent company's operations, position and results and describes significant risks and uncertainty factors faced by the parent company and the group companies.

The annual accounts and the consolidated statements were approved by the Board of Directors and the Chief Executive Officer on April 8 2022. The consolidated income statement and statement of financial position, and the income statement and balance sheet of the parent company, will be presented for adoption by the Annual General Meeting on June 8, 2022.

Stockholm April 8, 2022

Gerhard Florin
Non-Executive Director

Simon Duffy
Chairman of the Board

Marjorie Lao
Non-Executive Director

Chris Carvalho
Non-Executive Director

Dawn Hudson
Non-Executive Director

Natalie Tydeman
Non-Executive Director

Simon Leung
Non-Executive Director

Maria Redin
President and Chief Executive Officer

Our Audit report was submitted
April 8, 2022
KPMG AB

Helena Nilsson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Modern Times Group MTG AB (publ), corp. id 556309-9158

Report on the annual accounts and consolidated accounts **Opinions**

We have audited the annual accounts and consolidated accounts of Modern Times Group MTG AB (publ) for the year 2021, except for the sustainability report on pages 18-41 and 123-133. The annual accounts and consolidated accounts of the company are included on pages 18-115 and 123-133 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 18-41 and 123-133.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Acquisition of Ninja Kiwi and PlaySimple

See disclosure 28 and accounting principles in disclosure 1 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

On June 1, 2021 all the shares in Ninja Kiwi were acquired for a total purchase price of SEK 1,731 million and on July 30, 2021 77% of the shares in PlaySimple were acquired with an intention to acquire the remaining shares after regulatory approval for a total purchase price of SEK 3,985 million.

Following a business combination, the acquired operation should be accounted for in the consolidated accounts which require acquired assets and liabilities to be identified and measured at its fair value at the acquisition date. The difference between the purchase price and the identified assets and liabilities is goodwill.

The purchase price allocation requires judgments to be made regarding which assets to account for in the consolidated accounts – in particular intangible assets may be difficult to assess – including the assigned fair values in the consolidated accounts. These judgments will affect the group's future profits, partly depending on whether the identified assets are to be amortized or not in the consolidated accounts.

Of the total purchase price SEK 389 million (Ninja Kiwi) and SEK 891 million (PlaySimple) respectively relates to contingent consideration which is based on the profitability development in 2021-2022 (Ninja Kiwi) and 2021-2025 (PlaySimple) respectively. The discounted value is calculated based on the terms in the agreement including estimates of future revenue growth and operating margin. The calculation of the value therefore include significant judgements which could be influenced by management bias.

Response in the audit

We have analyzed the purchase price allocations in order to assess whether they has been prepared in accordance with commonly prescribed methods and that all assets, in particular intangible assets, and liabilities have been identified. We have received and assessed the documentation management has prepared with assistance from external experts.

Furthermore, we have focused on whether the techniques used to measure the acquired assets and liabilities to fair value are in accordance with the prescribed framework and established valuation techniques. In the purchase price allocation, intangible assets amounting to SEK 400 million (Ninja Kiwi) and SEK 930 million respectively have been identified. They mainly relates to capitalized expenditure for game titles, trademarks and customer relations. Goodwill amounts to SEK 1,292 million (Ninja Kiwi) and SEK 3,088 million (PlaySimple) respectively.

We have obtained and considered the group's calculation of the contingent considerations and evaluated the forecasts for revenue growth and operating margin as well as the discount rates used. We have also assessed the disclosures relating to the business combination included in the annual accounts and the consolidated accounts.

Recoverability of goodwill and intangible assets

See disclosure 2 and 11 in the annual account and consolidated accounts for detailed information and description of the matter.

<i>Description of key audit matter</i>	<i>Response in the audit</i>
<p>The carrying value of goodwill and other intangible assets such as trademarks and customer relations as at 31 December 2021 amount to SEK 13 billion, which is approximately 74% of total assets.</p> <p>Goodwill and intangible assets with indefinite lives are required to be tested annually for impairment. Other intangible assets are tested where there is an impairment trigger.</p> <p>The impairment tests are complex and include significant judgments. The recoverable value of these assets is based on forecasting and discounting future cash flows using assumptions, such as discount rates, revenue forecasts and long-term growth, which are inherently judgmental and which could be influenced by management bias.</p>	<p>We obtained and considered the groups impairment tests to assure compliance with the methodology prescribed by IFRS.</p> <p>We have also considered the reasonableness of the future cash flow forecasts and their underlying assumptions including long-time growth rates as well as the discount rates used. This has been done by, among other things, obtaining and evaluating written documentation and checking assumptions in the impairment testing against plans. Our work has also included examination of the group's sensitivity analysis to evaluate how reasonable changes in the assumptions may impact the valuation. We have also evaluated the group's historical forecast performance and challenged assumptions about future growth and margins.</p> <p>We have further evaluated the financial statement disclosures in relation to the requirements in the accounting standards.</p>

Valuation of contingent considerations from business combinations

See disclosure 2, 21, 28 and accounting principles on page 78 in the annual account and consolidated accounts for detailed information and description of the matter.

<i>Description of key audit matter</i>	<i>Response in the audit</i>
<p>In the business combinations of Hutch, Ninja Kiwi and PlaySimple the group has agreed with the sellers to include a contingent consideration which is contingent on the future financial development of the acquired business.</p> <p>Liabilities for contingent considerations are valued at fair value in the balance sheet and amounted to SEK 2,319 million as of December 31, 2021.</p> <p>The value is based on the terms in the agreements and include judgments about the discounted value of future revenue growth and profit margin. The calculation of the value is dependent of significant judgments. If actual outcome deviates from these assessments or if the assessments about the future financial development for an acquired business is changed this could result in a change in the value of the contingent considerations which is accounted for in the income statement as they occur.</p>	<p>We have in our audit analyzed the agreements from performed acquisitions and the terms that is the basis for the contingent considerations. We have also assessed management's estimations regarding future revenue growth and operating margin as well as the discount rates used and, through this, the size of contingent considerations.</p> <p>Furthermore, we have considered the completeness of the disclosures in the annual accounts and the consolidated accounts and assessed if they are in accordance with the assumptions used by management and that they, in all material aspects, are in accordance with the disclosures required by IFRS.</p>

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-17, 122 and 134-144. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Modern Times Group MTG AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and

consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Modern Times Group MTG AB (publ) for year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #qER2zPnINdxQHK= has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Modern Times Group MTG AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts. Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 18-41 and 123-133, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Modern Times Group MTG AB (publ) by the general meeting of the shareholders on the 18 May 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1997.

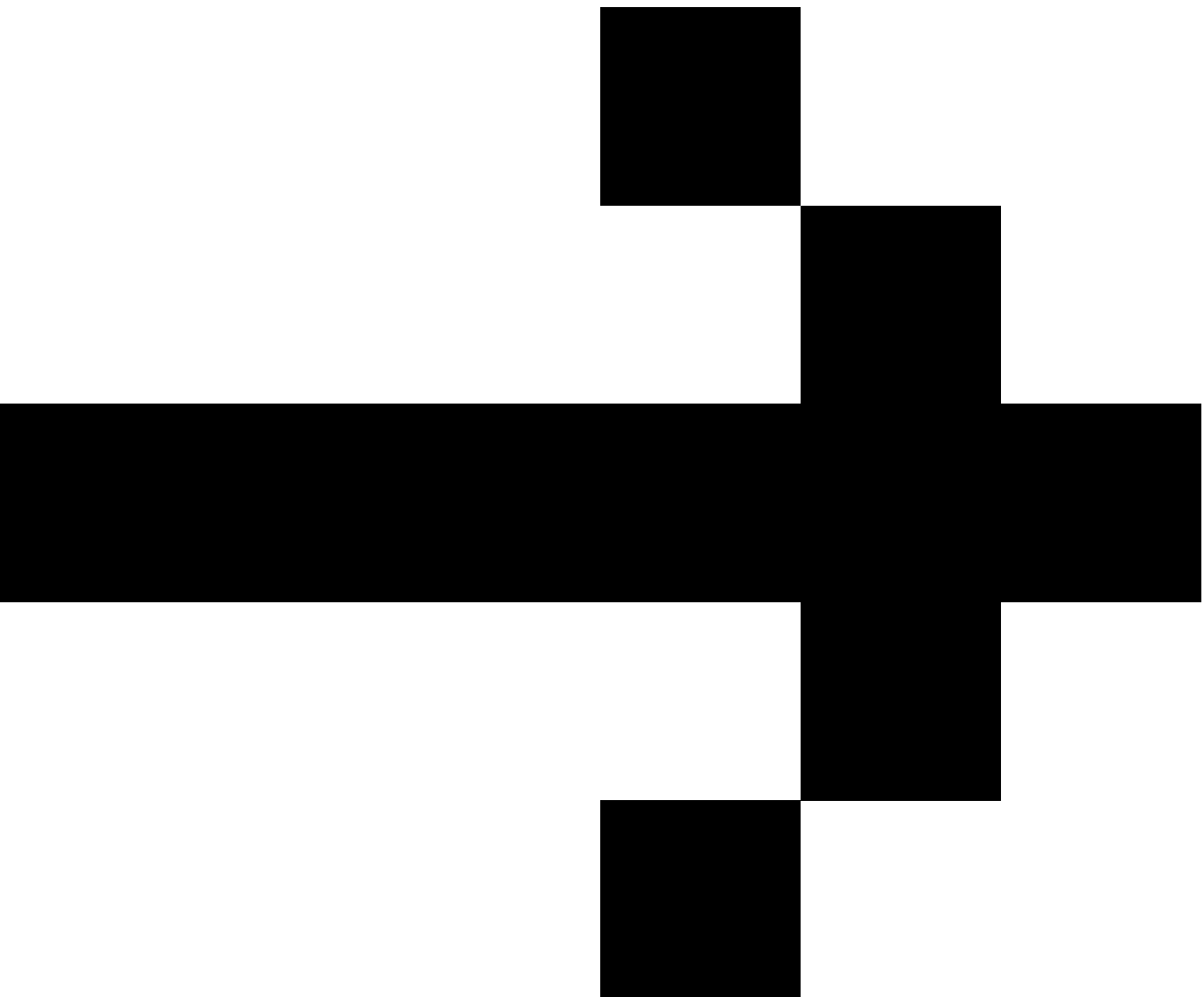
Stockholm April 8, 2022
KPMG AB

Helena Nilsson
Authorized Public Accountant


FIVE-YEAR SUMMARY

Group (SEK million)	2021	2020	2019	2018	2017
Continuing operations					
Net sales	5,306	3,997	4,242	3,841	2,851
Change in reported net sales %	32.8	-6.1	10.4	34.3	
Organic growth %	-3.1	-4.4	6.5	9.1	
Acquisitions/divestments %	40.1	-	-0.6	19.1	
Changes in FX rates %	-4.2	-1.7	4.4	6.2	
Operating income before items affecting comparability	184	45	-255	-180	-417
Operating margin before items affecting comparability %	3.5	1.1	-6.0	-4.7	-14.6
Items affecting comparability	-	-9	-152	139	-424
Total operating income	184	35	-407	-41	-841
Total operating margin %	3.5	0.9	-9.6	-1.1	-29.5
Net income	-454	-96	-458	-107	-857
Discontinued operations					
Net income	-	-	14,852	1,260	2,217
Total operations					
Total net income	-454	-96	14,394	1,153	1,360
Cash flow, continuing operations					
Cash flow from operations	618	439	-71	1,610	1,311
Taxes paid	-286	-199	-	-	-
Change in working capital	-27	30	-117	-568	-725
Net cash flow from operations	306	270	-188	1,042	586
Investments in non-current intangible and tangible assets	-252	-208	-238	-765	-330
Net investments of business combinations and divestments	-3,088	-2,263	1,780	62	763
Per share data					
Shares outstanding	110,385,832	76,190,509	76,190,509	75,781,689	75,492,446
Weighted average number of shares before dilution	103,786,751	76,190,509	76,118,826	75,638,264	75,471,118
Weighted average number of shares after dilution	103,942,052	76,190,509	76,118,826	76,213,317	75,964,316
Total basic earnings per share for continuing operations (SEK)	-3.85	-2.99	-7.24	-2.80	-11.97
Total basic earnings per share (SEK)	-3.85	-2.99	187.77	13.72	16.65
Proposed ordinary dividend/Cash dividend per share (SEK)	-	-	-	-	12.50
Market price of Class B shares at close of last trading day	92.40	146.70	112.00	293.00	344.80

CORPORATE RESPONSIBILITY NOTES



STAKEHOLDER ENGAGEMENT

 Continuous engagement with key stakeholders informs our corporate responsibility strategy.

STAKEHOLDERS INFORM OUR CR STRATEGY

Our corporate responsibility strategy was approved by the Board in May 2019 and we aim to review the materiality analysis every third year to ensure we operate according to our stakeholder expectations. New stakeholder dialogues are planned for the first quarter in 2022 and a revised and updated strategy will be approved in the second quarter 2022.

Stakeholder mapping identifies our key stakeholders and in the fall of 2021 the mapping identified the following as our key stakeholders: customers, shareholders, the Board of Directors, employees, suppliers, NGOs and trade associations as well as peers and colleagues.

The frequency and engagement method varies depending on the stakeholder group and need, as well as if significant events have impacted our stakeholders. Event participants are asked to respond to surveys after events, to provide ESL Gaming with feedback and customers of our gaming companies can always get in touch through dedicated email addresses or in game support.

Engagement with the Board is always scheduled a year in advance, while engagement with suppliers takes place ad hoc when there is a specific need.

Customers

Customers Include esports participants and enthusiasts, mobile game players and developers, sponsors and advertisers.

Engagement methods: Meetings, post-event customer satisfaction surveys, blogs, websites, social media, newsletters and customer support channels.

Key issues: Diversity, equality and inclusion, safety and security, environmental footprint, doping, corruption and other forms of cheating.

Shareholders

Engagement methods: Annual General Meeting, Capital Markets Day, the Annual and corporate responsibility Report, quarterly reports, press releases and individual meetings.

Key issues: The protection of children and minors, event safety, environment, governance, data protection and privacy, equality, corruption and cheating.

Board of Directors

Engagement methods: board meetings, feedback interviews and meetings upon request.

GRI 102-6
GRI 102-40
GRI 102-42
GRI 102-43
GRI 102-44

Key issues: Our corporate responsibility strategy, particularly diversity, equality and inclusion, event security and safety, governance framework and strategy management.

Employees

Engagement methods: Governance framework (reading and signing Code of Conduct and policies), local surveys, personal development reviews, training, workshops, daily dialogues, statistic engagement tools, on-boarding and off-boarding processes.

Key issues: Equality and inclusion, environment, employee health and well-being and the protection of children and minors

Suppliers & partners

Engagement methods: Regular meetings and calls including raising awareness of corporate responsibility issues e.g. equality and inclusion, environmental, data protection and privacy.

Key issues: Discussions on the implementation of corporate responsibility issues and partner demands.

NGOs

Engagement methods: Dialog (locally and centrally) and the participation in forums and workshops.

Key issues: The protection of children and minors, diversity, equality and inclusion.

Trade associations & industry

Engagement methods: Meetings and calls, association events, discussions with stakeholders, sharing best practice with industry peers and colleagues, long-term projects and joining advocacy efforts.

Key issues: Regulation of the gaming and esports industries, protection of children and minors, diversity, equality and inclusion, employee health and well-being, data protection and privacy, and the regulation of the gaming and esports industry.

HOW WE GOVERN

Modern Times Group MTG AB is a Swedish public limited liability company. The company's governance is based on its Articles of Association, the Swedish Companies Act, Nasdaq Stockholm's Issuer Rules, the Swedish Code of Corporate Governance and other relevant Swedish and international laws and regulations.

Shareholders

Our investors who can exercise their rights as shareholders at the Annual General Meeting (AGM).

Annual General Meeting (AGM)

The AGM is the company's highest decision-making body at which MTG shareholders vote on various proposals, approve the accounts, appoint MTG's Board of Directors and its Chair, appoint MTG's auditors and put forth proposals. Shareholders wishing to have matters considered at the AGM should submit proposals in writing at least seven weeks before the AGM.

Nomination Committee

The Nomination Committee evaluates the Board of Director's work and composition, submits proposals to the AGM regarding the election of the board, the Chair of the board and the auditors and prepares proposals regarding fees paid out to the Board and the auditors as well as proposals for the Chair of the AGM. Additionally, the committee prepares proposals for the administration and order of appointment of the Nomination Committee for the AGM.

External auditors

The external auditors examine the Annual Report and financial accounting, and the board and CEO's administration of the company. They report their findings to shareholders in an Auditor's Report, which is presented at the AGM. They also address

detailed findings at each of the Audit Committee's meetings and to the full Board as necessary.

Board of Directors

The Board comprises seven non-executive directors, all of whom are independent of the company, its management and major shareholders. The Board has the overall responsibility for MTG's organization and administration and governs MTG's corporate responsibility work.

Remuneration Committee

The Remuneration Committee appointed by the Board is responsible for matters related to salaries, pension plans, bonus and remuneration programs, the structure and levels of remuneration at MTG as well as for providing advice on long-term incentive schemes and the guidelines for remuneration applicable to the Chief Executive Officer and Executive Management.

Audit Committee

The Audit Committee appointed by the Board monitors MTG's financial reporting, efficiency relating to internal control, internal audit and risk management as well as the impartiality and independence of the auditor. It also assists the Nomination Committee in preparing for the election of auditors at the AGM and monitors and secures the quality and fairness of transactions with related parties when applicable.

Executive Management

The Executive Management team oversees the day-to-day implementation of the business strategy and corporate responsibility together with the Head of Corporate Responsibility.

Local business

Local CEOs ensure that MTG's Corporate Responsibility strategy is implemented and forms an integral part of our various business. Our Head of Corporate Responsibility collaborates with team members throughout the organization to drive and execute corporate responsibility initiatives on a group and local level.

GRI 102-1
GRI 102-5
GRI 102-18
GRI 102-23



WORKFORCE DATA

GRI 102-7
GRI 102-8
GRI 102-41
GRI 103-1-3
FOR 401,
403-405
GRI 401-1
GRI 401-3
GRI 403-9-10
GRI 404-1
GRI 404-3
GRI 405-1

All data relate to the period January 1 to December 31 of the reporting year, and expressed employee numbers are as at December 31.

All data relates to employees only, except where stated explicitly that the data relates to, and/or includes workers who are not employees. Employee numbers are consistently expressed as headcount throughout the entire corporate responsibility report.

Workers

Workers should be understood as people who are working for our organization, but are not considered employees. This group can include consultants, freelancers and self-employed people, for example.

In all regions where MTG operates, a significant part of the work in reporting year was performed by workers who are not employees. These workers performed work such as production, casting and talent services, project management, customer service, payroll support, sales, community management, support in organizing and running esports events and tournaments, social media, creating video content, online broadcasts, graphic design, logistics, finance and accounting, business administration, research, sales and business development and legal matters.

For the purposes of the corporate responsibility Report, a significant portion of work has been performed by workers when;

- i) the workers performed activities that are core or much significant to our business;
- ii) because the work they performed was crucial to our business, we could not operate without their input or,
- iii) more than 50 percent of the total workforce included these workers who are not employees. The three requirements are alternative in nature, meaning that only one out of three was enough to consider that a significant part of our work in the reporting year was performed by workers who are not employees.

The data has been collected by each portfolio company and then reported in the group -platform. A predominant part of the data was extracted from internal HR systems, payroll systems or excel files populated through a salary system or manually.

‘Gaming’ includes InnoGames, Kongregate, Hutch and Ninja Kiwi. ‘Esports’ includes ESL Gaming and DreamHack Sports Games. ‘Central Operations’ includes MTG’s Head office in Stockholm and our business operations in Germany.

Data boundary

PlaySimple, one of MTG’s companies within the gaming vertical, is not included as the company was not part of MTG for more than six months in 2021. The company will be included in next year’s report.

Workforce by business operations	2021	2020	2019
Total	1,247	970	1,097
Female	295	228	246
Male	947	742	851
Non-binary	5	-	-
Gaming	719	506	568
Female	181	132	140
Male	534	374	428
Non-binary	4	-	-
Esports	508	446	497
Female	107	89	91
Male	400	357	406
Non-binary	1	-	-
Central Operations	20	18	32
Female	7	7	15
Male	13	11	17
Non-binary	0	-	-

Workforce by employment contract type	2021	2020	2019
Permanent	1,075	819	918
Female	239	181	202
Male	831	638	716
Non-binary	5	-	-
Gaming	617	398	453
Female	144	94	105
Male	469	304	348
Non-binary	4	-	-
Esports	438	403	434
Female	88	80	83
Male	349	323	351
Non-binary	1	-	-
Central Operations	20	18	31
Female	7	7	14
Male	13	11	17
Non-binary	0	-	-
Temporary	172	151	179
Female	56	47	44
Male	116	34	135
Non-binary	0	-	-
Gaming	102	108	115
Female	37	38	35
Male	65	70	80
Non-binary	0	-	-
Esports	70	43	63
Female	19	9	8
Male	51	34	55
Non-binary	0	-	-
Central Operations	0	0	1
Female	0	0	1
Male	0	0	0
Non-binary	0	-	-

Workforce by employment type	2021	2020	2019
Full-time	1,004	773	900
Female	209	162	186
Male	791	611	714
Non-binary	4	-	-
Part-time	71	46	48
Female	30	19	18
Male	40	27	30
Non-binary	1	-	-

Employees covered by collective bargaining agreements	2021	2020	2019
% of total employees	36.3	13.8	7.5

Employee hires	2021	2020	2019
Total	269 (22%)	143 (15%)	251 (23%)
Female	85 (7%)	49 (5%)	68 (6%)
Male	183 (15%)	94 (10%)	183 (17%)
Non-binary	1 (0.1%)	-	-
Age			
<30	134 (11%)	77 (8%)	130 (12%)
30-50	130 (10%)	61 (6%)	114 (10%)
>50	5 (0.4%)	5 (0.5%)	8 (0.7%)
Business operations			
Gaming	135 (19%)	61 (12%)	120 (21%)
Esports	131 (26%)	82 (18%)	124 (25%)
Central Operations	3 (15%)	0 (0%)	7 (22%)

Employee numbers as at December 31 have been used to calculate the rate of new employee hires and turnover.

The rates for new hires and turnover per age group and gender have been calculated by using the total number of employees within the group. Rates for each business operation, the total within the respective operation have been used.

Employee turnover	2021	2020	2019
Total	189 (15%)	215 (22%)	243 (22%)
Female	56 (4%)	60 (6%)	50 (5%)
Male	133 (11%)	155 (16%)	193 (18%)
Non-binary	0 (0%)	-	-
Age			
<30	68 (5%)	64 (7%)	106 (10%)
30-50	116 (9%)	146 (15%)	130 (12%)
>50	5 (0.4%)	5 (0.5%)	7 (0.6%)
Business operations			
Gaming	99 (14%)	93 (18%)	95 (17%)
Esports	89 (18%)	111 (25%)	146 (29%)
Central Operations	1 (5%)	11 (61%)	2 (6%)

Parental leave	2021	2020	2019
Number of employees entitled to parental leave	1,120	961	1,038
Female	238	226	232
Male	879	735	806
Non-binary	3	-	-
Number of employees that took parental leave in the reporting year	65	51	68
Female	19	13	22
Male	46	38	46
Non-binary	0	-	-
Number of employees that returned to work in the reporting period after parental leave ended	45	44	55
Female	4	7	11
Male	41	37	44
Non-binary	0	-	-
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	24	40	55
Female	1	7	11
Male	23	33	44
Non-binary	0	-	-
Return to work rate	88%	65%	102%
Female	31%	32%	79%
Male	108%	80%	110%
Non-binary	-	-	-
Retention rate	55%	73%	100%
Female	14%	64%	200%
Male	62%	75%	84%
Non-binary	-	-	-

In some instances, the entitlement to parental leave is recognized and followed as prescribed by law without internally reinforcing and/or restating the legal right to parental leave in written form.

In other instances, the entitlement to parental leave activates once the employee has been working in the company in question for a certain period of time, e.g. 12-month period. Similarly, sometimes the entitlement to parental leave is established at the moment one becomes a parent.

These circumstances have been taken into account when reporting how many employees have been entitled to parental leave in the reporting year.

For some employees that returned to work after their parental leave ended, it was not possible to determine if they stayed 12 months, because that time period has not fully passed yet. The return to work and retention rates are more than 100 percent due to employees who took parental leave of longer than 12 months but returned during the reporting year.

Work-related injuries	2021	2020
Fatalities	0 (0)	0 (0)
High-consequence work-related injuries (excluding fatalities)	0 (0)	0 (0)
Recordable work-related injuries	3 (1.2)	3 (2.6)
Estimated working hours	2,523,928	1,162,634

MTG has not implemented a formal management system for health and safety, however as a global business, MTG's Code of Conduct is our guiding framework regarding health and safety. For more information on how we and our portfolio companies address health and safety within operations, see chapter "Ensuring health and well-being for all".

The reported injuries for 2021 were related to fall injuries and severe allergic reactions.

Rates are calculated based on an assumption of 8 hours per day and 253 working days per year times number of employees and per 1,000,000 hours worked.

Work-related ill health	2021
Fatalities as a result of ill health	0
Cases of recordable work-related ill health	3

MTG operates in countries where employees have access to non-occupational medical and healthcare services. For more information on additional support provided to employees, see our chapter on "Ensuring health and well-being for all".

The reported cases of ill health in 2021 were all related to the negative impact from long-term Covid.

Average hours of training per employee	2021	2020	2019
Female	26	9.5	0.8
Male	25	5.1	1.1
Non-binary	8	-	-
Senior executives	28	11.4	5.3
SVPs, VPs, department heads	28	6.7	3.1
Managers	31	9.0	2.8
Non-managers	24	5.5	0.4

The average hours of training per employee have significantly increased following the inclusion of Ninja Kiwi and Hutch in the reporting scope. Hutch is the main driver for the increase in average training hours per employee.

Performance and development review	2021	2020	2019
% of total employees	91%	95%	87%
Female	88%	89%	82%
Male	92%	97%	88%
Non-binary	100%	-	-
Senior executives	83%	89%	67%
SVPs, VPs, department heads	67%	95%	84%
Managers	93%	98%	93%
Non-managers	95%	96%	87%

MTG does not have a central HR function which would enable centralized supervision of the PDA processes on a group level. In some instances, the PDA processes activate after a probation period has ended for the employee in question and in other instances, newly employed people are not immediately included in the PDA process. This means that there is a cut-off period for participation in the performance reviews, hence the employees hired after the cutoff date will automatically be excluded from a performance review for the year they have entered the company.

Diversity	2021	2020	2019
Board of Directors			
Female	43%	43%	40%
Male	57%	57%	60%
Non-binary	0%	0%	0%
<30	0%	0%	0%
30-50	29%	14%	40%
>50	71%	86%	60%
Nationalities represented	5	4	3
Senior executives			
Female	12%	20%	18%
Male	88%	80%	82%
Non-binary	0%		
<30	2%	6%	4%
30-50	93%	71%	89%
>50	5%	23%	7%
Nationalities represented	11	9	8
SVPs, VPs, Head of			
Female	16%	10%	8%
Male	84%	90%	92%
Non-binary	0%	-	-
<30	14%	12%	4%
30-50	81%	86%	96%
>50	5%	12%	0%
Nationalities represented	14	15	15
Managers			
Female	18%	23%	24%
Male	82%	77%	76%
Non-binary	0%	-	-
<30	14%	9%	11%
30-50	83%	88%	85%
>50	2.7%	2.8%	4%
Nationalities represented	26	20	19
Non-managers			
Female	26%	26%	24%
Male	73%	74%	74%
Non-binary	0.5%	-	-
<30	32%	34%	39%
30-50	66%	64%	59%
>50	2.4%	1.9%	2%
Nationalities represented	53	45	50
MTG total nationalities represented	58	50	53

The employee categories refer to the job title one has, which is also indicated in one's employment agreement.

- Senior Executives include: Chief Executive Officer, Chief Financial Officer, Executive Vice President and Group General Counsel.
- Managers are employees with staff responsibility, while
- Non-managers are employees with no staff responsibility, hence no one is reporting to them. Non-managers comprise team leaders too.

CORPORATE GIVING

CORPORATE GIVING

Corporate giving	2021	2020	2019
Volunteer hours	258	0	0
Donation of products and services, SEK thousand	67	299	612
Cash donations, SEK thousand	1,365	679	1,328
Funds raised for charity, SEK thousand	93	127	77

Raised funds include MTG and its portfolio companies' fundraising campaigns and funds raised together with NGOs.

EU TAXONOMY REPORTING 2021

The EU Taxonomy, as described by the European Commission, presents and describes economic activities that are environmentally sustainable. The EU Taxonomy is part of the European green deal and aims to increase transparency, clarity and provide information on what economic activities can be considered environmentally sustainable.

MTG falls under the scope of the Non-Financial Reporting Directive and thus the scope of EU Taxonomy reporting on the share of economic activities that meet the criteria put forth in the EU Taxonomy.

MTG has assessed its economic activities based on industry descriptions and NACE codes as described in the EU Taxonomy Annexes I and II to the Climate Delegated Act (CDA). MTG is classified as "Movie, Video and TV (J59)" according to the Swedish Tax Authority. MTG's economic activities are not yet included in the taxonomy, thus our share of eligible turnover as defined by the EU Taxonomy is 0 percent.

MTG has also reviewed our investments (financial notes 11 and 12). This review concluded that our share of eligible capital expenditures and operating expenses as defined by the taxonomy is 0 percent.

ENVIRONMENTAL DATA

GRI 103-1-3
FOR 302
AND 305
GRI 302-1
GRI 302-3
GRI 305-1
GRI 305-2
GRI 305-3
GRI 305-4

Climate footprint (tCO ₂ e)	2021	2020	2019
Scope 1*	74	29	38
Scope 2 (location-based)	1,180	804	1 130
Scope 2 (market-based)	1,083	669	-
Scope 3*	3,904	5,261	26,223
- Business travel (3.6)	2,069	5,261	26,223
- Upstream leased assets (3.8)	1,835	-	-
Total emissions (location-based)	5,158	6,094	27,391
Emissions per employee (tCO ₂ e/employee)	4.1	6.3	25

* Biogenic CO₂ emissions are not reported separately but embedded in Scope 1 and 3 CO₂e emissions

Calculation methodology

Data for calculating tCO₂e emissions have been collected by each business operation and then reported in the group-common platform. The platform has calculated greenhouse gas emissions by applying emissions factors from e.g. DEFRA, AIB and supplier-specific data when available. Data is collected from travel agencies and facility managers.

We use calculation methodologies that are based on the GHG Protocol, supplemented where necessary by additional data and assumptions.

GWP 100 from the IPCC's Fifth Assessment Report has been applied. All six greenhouse gases are included and expressed in CO₂ equivalents. The GHG Protocol is the basis for defining Scope 1, 2 and 3.

Energy consumption (MWh)	2021	2020	2019
Electricity	1,851	1,293	1,974
Heating	136	105	726
Cooling	267	2	471
Total energy consumption	2,254	1,399	3,171
Energy consumption (MWh) per employee	1.8	1.4	2.9

Comments on environmental data

- Electricity use for Central Operations has been calculated based on 2019 data due to limitations in the data collection process.
- The reporting scope within Business travel (3.6) has increased within "Esports" and for 2021 includes talents and players traveling to and from events.
- Energy consumption has increased significantly from 2020 following changes in reporting scope with the inclusion of Ninja Kiwi and Hutch. The increase is also following improvements in data collection, especially within ESL Gaming.
- MTG is not able to divide fuel use (MWh) used to calculate scope 1 emissions in renewable and non-renewable fuel in accordance with GRI 302-1 due to limitations in the data collection process. MTG will further review the possibility to improve the process and report on these data points in the coming years.

COMPLIANCE DATA

GRI 205-3

Compliance data	2021	2020	2019
Confirmed incidents of corruption	0	0	0
Whistleblowers*	2	2	0

* Numbers of substantiated whistleblowing cases where an in-depth investigation was initiated.

One whistleblowing case was, per MTG policy, referred back to the respective portfolio company HR for further management. The case was resolved and closed in 2021. The second case was investigated and resolved by MTG's whistleblowing team.

GRI INDEX

GRI 102-55

GRI 102: General Disclosures 2016

Organizational Profile	Page reference	GRI Standards comments
102-1 Name of the organization	Pages 2-3	
102-2 Activities, brands, products and services	Pages 2-3 and 16-17	
102-3 Location of headquarters	Pages 2-3	
102-4 Location of operations	Pages 2-3 and 16-17	
102-5 Ownership and legal form	Pages 2-3 and 16-17	
102-6 Markets served	Pages 2-3 and 16-17	
102-7 Scale of the organization	Pages 2-3, 67-70 and 128-131	
102-8 Information on employees and other workers	Pages 128-131	MTG is not able to divide our workforce into 'employees' and 'workers' following limitations in data collection. This will be reviewed in the coming years.
102-9 Supply chain	Pages 16-17	
102-10 Significant changes to the organization and its supply chain	Page 137	
102-11 Precautionary Principle or approach	Pages 34-35	
102-12 External initiatives	Pages 30-31 and 40-41	
102-13 Membership of associations	Pages 40-41	
Strategy	Page reference	GRI Standards comments
102-14 Statement from senior decision maker	Pages 6-9	
102-15 Key impacts, risks and opportunities	Pages 6-9 and 22-25	
Ethics and integrity	Page reference	GRI Standards comments
102-16 Values, principles, standards, and norms of behavior	Pages 38-39	
102-17 Mechanisms for advice and concerns about ethics	Pages 38-39	
Governance structure	Page reference	GRI Standards comments
102-18 Governance structure	Page 126	
102-23 Chair of highest governance body	Page 126 and 64-66	
Stakeholder Engagement	Page reference	GRI Standards comments
102-40 List of stakeholder groups	Pages 124-125	
102-41 Collective bargaining agreements	Page 129	
102-42 Identifying and selecting stakeholders	Pages 124-125	
102-43 Approach to stakeholder engagement	Pages 22-25 and 124-125	
102-44 Key topics and concerns raised	Pages 124-125	

Reporting profile	Page reference	GRI Standards comments
102-45 Entities included in the consolidated financial statements	Page 137	
102-46 Defining report content and topic Boundaries	Pages 22-25 and 137	
102-47 List of material topics	Pages 22-25	
102-48 Restatements of information	Page 137	
102-49 Changes in reporting	Pages 134-137	No material changes have been made in 2021 reporting.
102-50 Reporting period	Page 137	
102-51 Date of most recent report	Page 137	
102-52 Reporting cycle	Page 137	
102-53 Contact point for questions regarding the report	Page 137	
102-54 Claims of reporting in accordance with the GRI Standards	Page 137	
102-55 GRI content index	Pages 134-136	
102-56 External assurance	Page 137 and 138-139	

GRI 200: Economic Standard Series

GRI 205: Anti-corruption (2016)	Page reference	GRI Standards comments
103-1 to 103-3 Management Approach	Page 22-25 and 38-39	
205-3 Confirmed incidents of corruption and actions taken	Pages 38-39 and 133	

Own KPI: Corporate giving	Page reference	GRI Standards comments
103-1 to 103-3 Management Approach	Page 22-25 and 40	
Own KPI: Corporate giving	Page 40 and 132	

GRI 300: Environmental Standards Series

GRI 302: Energy 2016	Page reference	GRI Standards comments
103-1 to 103-3 Management Approach	Page 22-25, 34-35 and 133	
302-1 Energy consumption within the organization	Page 133	MTG is not able to divide fuel use (MWh) in renewable and non-renewable fuel due to limitations in the data collection process. To be reviewed in the coming years.
302-3 Energy intensity	Pages 22-25, 34-35 and 133	See comment for GRI 302-1

GRI 305: Emissions 2016	Page reference	GRI Standards comments
103-1 to 103-3 Management Approach	Pages 34-35 and 133	
305-1 Direct (Scope 1) GHG emissions	Page 133 and 137	
305-2 Energy indirect (Scope 2) emissions	Page 133 and 137	
305-3 Other indirect (Scope 3) emissions	Page 133	
305-4 GHG emissions intensity	Page 133	

GRI 400: Social Standards Series

GRI 401: Employment 2016	Page reference	GRI Standards comments
103-1 to 103-3 Management Approach	Page 22-25, 24-26 and 38-39	
401-1 New employee hires and employee turnover	Pages 128-131	
401-3 Parental leave	Pages 128-131	

GRI 403: Health and Safety 2018	Page reference	GRI Standards comments
103-1 to 103-3 Management Approach	Page 22-25 and 28-29	
403-1 to 403-7 Specific management approach to work-related injuries and ill-health	Pages 28-29 and 128-131	
403-9 Work-related injuries	Pages 28-29 and 128-131	Data is only presented for employees due to limitations in data collection for workers. To be reviewed in the coming years.
403-10 Work-related ill-health	Pages 28-29 and 128-131	See comment on GRI 403-9

GRI 404: Training and Education 2016	Page reference	GRI Standards comments
103-1 to 103-3: Management Approach	Pages 22-25, 24-26 and 30-31	
404-1 Average hours of training per year per employee	Pages 24-26 and 128-131	
404-3 Percentage of employees receiving regular performance and career development reviews	Pages 24-26 and 128-131	

GRI 405: Diversity and Equal Opportunity 2016	Page reference	GRI Standards comments
103-1 to 103-3 Management Approach	Pages 22-25 and 24-26	
405-1 Diversity of governance bodies and employees	Pages 128-131	

Protection of minors

Own KPI: Protection of minors	Page reference	GRI Standards comments
103-1 to 103-3 Management Approach	Page 22-25 and 30-31	
Own KPI: Protection of minors	Pages 30-31	

REPORTING BOUNDARY & SCOPE

GRI 102-10
GRI 102-45
GRI 102-48-
54

Reporting boundary

The corporate responsibility section (Pages 18-41 and 123-137) of this Report summarizes our work within corporate responsibility throughout our operations.

The reporting boundary has been defined by using the Global Reporting Initiative (GRI) Boundary Protocol and completeness principle to reflect MTG's significant economic, environmental and social impacts.

The topics we report on have been identified based on their relevance to our business as a strategic operational and investment holding company in gaming and esports. Our corporate responsibility reporting is based on the Global Reporting Initiative Standards Framework (GRI Standards), the EU Non-Financial Reporting Directive (Directive 2014/95/EU), which is also implemented into Swedish Law, as well as the legal requirements for non-financial reporting in the Annual Accounts Act (ÅRL).

MTG's current practice is to verify the corporate responsibility information in accordance with AA1000AS. Ethos, which has verified our reports since 2012, has declared that the CR reporting in this Annual Report has been prepared in accordance with the GRI Standards: Core option.

Reporting scope

The reporting scope included operations where we exercise decisive control (i.e. subsidiaries where Modern Times Group MTG AB owns 50 percent or more).

In July 2021, MTG acquired 100 percent of the game developer PlaySimple. With PlaySimple was not part of MTG for the whole reporting period nor more than six months, it are not included in the corporate responsibility Report for 2021 and will be included in next year's report in 2023.

Reporting information

Reporting period: 01/01/2021-31/12/2021

Reporting periodicity: Annually

Reporting framework: GRI Standards

Previousing report: 13/04/2020

Send feedback to: communications@mtg.com



Independent assurance statement

Assurance information

Ethos International – Return on your social responsibility AB (Ethos) has performed an independent assurance of the 2021 Annual and Corporate Responsibility Report (henceforth: “the Report”) that disclose Modern Times Group MTG AB’s (MTG) governance of and performance on corporate responsibility (CR). The assurance process was conducted in accordance with the AA1000AS v3. We were engaged to provide Type 2 Moderate-level assurance, which covers;

- The nature and extent of adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact (henceforth: “the Principles”) and;
- The reliability and quality of specified performance information

All sustainability-related data and key claims in the Report concerning operations where MTG exercised decisive control were assessed during this assurance process. Disclosed information subjected to mandatory auditing in the 2021 Annual Report was excluded in the scope. Ethos provided a third-party control on the application of the GRI Standards, core level, and the legal requirements of sustainability reporting in The Swedish Annual Accounts Act (ÅRL).

The Directors of MTG have sole responsibility for the preparation of the Report. Ethos served as a third-party assurance provider. With over 13 years of experience in conducting independent assurance processes for companies of all sizes in all industries in accordance with AA1000AS, Ethos’s sole responsibility was to provide a third-party, independent assurance of the Report. Our assurance team was comprised of Timmy Rosendal and Amanda Kihlman, both with knowledge and technical expertise within assurance processes in accordance with the standard. For more information about Ethos and our team’s expertise and experiences with assurance services, please visit our website: www.ethos.se

The assurance statement is intended for use by the management of MTG and all MTG’s stakeholders. Our findings and conclusions will be compiled and presented in a Report to Management in May 2022.

Methodology

We collected evidence and documentation and assessed the completeness and accuracy of the sustainability related information presented in the Report. The activities outlined below were undertaken to finalize the assurance process:

- Review of CR issues that are material to MTG and are of interest to stakeholders.
- Interviews with the board of directors responsible for Corporate Responsibility, as well as selected directors and senior managers responsible for the management of Corporate Responsibility.
- Review of the text, graphs, and tables in the Report.
- Review of the processes for collecting and consolidating data and supporting evidence for all claims in the Report. For both data and claims verification, this included accessing all key internal reporting and performance management systems as well as reviewing electronic documents, e-mails, external reports alongside other sources of evidence.

Limitations

No site-visits were conducted during the assurance process of the Report, which implies that the assurance team cannot confirm that the CR strategy and policies have been implemented in the operations of the portfolio companies.

Independence of assurance

Ethos and MTG are currently in the process of updating MTG’s materiality analysis. However, it will not affect our independence or cause a conflict of interest for this assurance process since we are not involved or engaged in the preparation of the Report nor in the data collection process.

Performance related information

Based on the work undertaken, nothing came to our attention demonstrating that MTG does not adhere to the AA1000AP (2018) Principles or that the reliability and quality of specified performance information could be

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questioned. We do confirm that we have made an independent assessment of the legal requirements in The Swedish Annual Accounts Act (ÅRL) and MTG's self-declared application of the GRI Standards, core level.

Adherence to the Principles

Inclusivity: MTG has a clear process of mapping and identifying stakeholders. In 2019, seven primary stakeholder groups including internal and external stakeholders were identified, and MTG engaged with them through various channels such as events and other conversation methods. New stakeholder dialogues are planned in 2022.

Materiality: MTG has identified and reported on the material sustainability topics and their related impacts on the organization and its stakeholders in an adequate and good manner. MTG carried out a materiality analysis in 2019 and the sustainability topics were identified and prioritized through dialogues with stakeholders. A new materiality analysis will be conducted in 2022.

Responsiveness: MTG reports and addresses material sustainability topics and their related impacts in a transparent way. MTG has continuously dialogues with its portfolio companies about CR policies, the implementation of CR strategy and how each company addresses and measures performance of material CR topics. The recommended topics for MTG to address in the 2020 assurance process have been reported on and adequately highlighted in this Report.

Impacts: The Report is well-balanced where MTG realizes its positive and negative impacts on and of sustainability factors. Taken MTG's decentralized business model into consideration, MTG's approach of measure, monitor and evaluate the impacts of the identified material topics is sufficient and reliable.

Reliability and quality

We have received reliable evidence and documentation of adequate quality for all the claims in the Report. The process for collecting sustainability data through the online platform is well-organized and structured. Our impression is that MTG's has a clear governance structure, which is communicated transparently in the Report.

Recommendations going forward

- Continue the dialogues with portfolio companies and support them through the implementation of the CR policies and strategy including sharing best-practices and measure sustainability performance. Provide support for handling and address challenges when needed.
- Provide sufficient conditions and opportunities for collaborations between the portfolio companies from a CR perspective.
- Improve the data collection process to collect data that is currently missing the Report, specifically data regarding workers since they make up a significant part of the work performed.
- Prepare for the implementation of Corporate Sustainability Reporting Directive (CSRD) by supporting the portfolio companies in e.g., collecting data evidence.

Ethos, Stockholm, 15th of March 2022



Timmy Rosendal, Senior advisor



Amanda Kihlman, Associate



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DEFINITIONS

Adjusted EBITDA

In order to assess the operating performance of the business, going forward, MTG's management will, focus on adjusted EBITDA, and adjusted EBITDA margin, which do not include the impact of items affecting comparability, long-term incentive programs, acquisition-related transaction expenses and impairment of own work capitalized, which are referred to as adjustments.

ARPPDAU

Average revenue per daily active user.

CAPEX

Capital expenditures.

Cash flow from operations

Cash flow from operations comprises operating cash flow before financial items, taking into account other financial cash flow.

Challenger

Smaller-scale competitions with semi-professional players.

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

EBIT (operating income) comprise earnings before interest and tax.

EBITDA

Earnings before interest, tax, depreciation and amortization.

Esport Services (ESS)

Work for hire contracts made on behalf of another entity such as game publishers.

Items affecting comparability (IAC)

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 like-for-like basis.

Master

Large-scale competitions attracting professional top-tier global players.

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.

Owned and operated (O&O)

A property that is independently managed and controlled within the group.

Open

Competitions free for all participants.

Organic growth

Change in net sales compared with the corresponding period of the previous year, excluding acquisitions and divestments and adjusted for currency effect.

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 is using the following APMs:

- Adjusted EBITDA
- Change in net sales from Organic growth, Acquisition/Divestment, and changes in FX rates
- Organic pro forma 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, long-term incentive programs, acquisition-related transaction costs and impairment of capitalized internal work. 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 like-for-like basis.

(SEK million)	Full year 2021	Full year 2020
EBIT	184	35
Amortization	433	195
Depreciation	91	88
EBITDA	708	319
Items affecting comparability	-	9
Impairment own capitalized costs	-	20
Long-term incentive programs	88	132
M&A transaction costs	112	56
Adjusted EBITDA	908	535

Reconciliation of sales growth

Since the group generates the majority of its sales in currencies other than in the reporting currency (i.e. SEK) 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 the 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 the total reported net sales.

(SEK million)	Full year 2021	Full year 2020
Gaming		
Organic growth	-9%	7%
Acquisition/divestments	60%	-
Changes in FX rates	-4%	-1%
Reported growth (%)	47%	6%
Esports		
Organic growth	9%	-22%
Acquisition/divestments	-	-
Changes in FX rates	-4%	-1%
Reported growth (%)	5%	-23%
Total operations		
Organic growth	-3%	-4%
Acquisition/divestments	40%	-
Changes in FX rates	-4%	-2%
Reported growth (%)	33%	-6%

Pro forma growth

Since the group from time to time makes transactions in the market, it is relevant to describe the current trend more accurately. Proforma growth as a measure refers to an underlying development, excluding currency effects, including the acquisitions of Hutch, Ninja Kiwi and PlaySimple as if they were always part of MTG group. The proforma figures have been prepared with advice from external expertise in order to restate a GAAP financial statement to IFRS and may include timing adjustments for both income and costs.

(SEK million)	Gaming	Esports	Group
Reported sales FY 2020	2,682	1,315	3,997
Adjustment for acquisitions	1,740	-	1,740
Pro forma reported sales	4,422	1,315	5,736
Reported sales FY 2021	3,931	1,375	5,306
Adjustment for acquisitions	861	-	861
Pro forma sales FY 2021	4,792	1,375	6,167
Foreign currency fluctuations	161	53	214
Pro forma sales FY 2021	4,953	1,428	6,381
Pro forma growth FY 2021	12%	9%	11%

FINANCIAL CALENDAR

Interim Report Q1 2022

Wednesday, April 27, 2022

Annual General Meeting 2022

Wednesday, June 8, 2022

Interim Report Q2 2022

Wednesday, July 20, 2022

Interim Report Q3 2022

Wednesday, October 26, 2022

This information fills an ESEF purpose:

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Stockholm
Skeppsbron 18, P.O. box 2094
Stockholm
Sweden
Limited company

MTG is a strategic acquirer and operator of companies in gaming and esports.

There have been no changes in the name of the reporting entity or other means of identification since from the end of the most recent reporting period.

GET IN TOUCH WITH US

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