



DOCUMENTATION, INCLUDING THE REMUNERATION REPORT, TO THE ANNUAL
GENERAL MEETING WEDNESDAY 8 JUNE 2022

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2021 REMUNERATION REPORT

This report describes how the Remuneration Guidelines of Modern Times Group MTG AB, adopted by the Annual General Meeting 2021, were implemented for the financial year that ended 31 December 2021. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 25 (Employees and personnel costs) on pages 106-110 in the Annual Report 2021. This includes fixed and variable compensation, long-term incentive plans and other benefits, as per the requirement by chapter 5, sections 40-44 of the Annual Accounts Act (1995:1554).

Remuneration of the Board of Directors is resolved annually by the Annual General Meeting and disclosed in note 25 on page 108 in the Annual Report 2021. Two of the Board members, Chris Carvalho and Gerhard Florin, have received remuneration in addition to the Board fees resolved by the Annual General Meeting. Such additional remuneration paid to Chris Carvalho and Gerhard Florin will be covered by this report.

The Remuneration Committee

The Board has established a Remuneration Committee. In order to avoid any conflict of interest, the Remuneration Committee consist only of Board members that are independent of the company and its management. The remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration.

The Remuneration Committee is responsible for preparing the Board's decision to propose guidelines for executive remuneration. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate:

- programs for variable remuneration to the executive management,
- the application of the guidelines for executive remuneration, and
- the current remuneration structures and compensation levels in the company.

The Committee comprised the following Board members 2021:

- Gerhard Florin (he has served on the Committee for the full year 2021 and he is Chairman of the Remuneration Committee since Annual General Meeting 2021)
- Natalie Tydeman (she has served on the Remuneration Committee for the full year 2021 and was Chair of the Remuneration Committee until Annual General Meeting 2021)
- David Chance (he served on the Remuneration Committee until Annual General Meeting 2021)
- Dawn Hudson (she has served on the Remuneration Committee since Annual General Meeting 2021)

Members of the management team, including Maria Redin (CEO) and Lars Torstensson (CFO) have been, from time to time, invited to attend meetings of the Committee. The Group General Counsel, Johan Levinsson, acts as secretary to the Committee. No individuals are involved in decisions related to their own remuneration.

Further information on the work of the Remuneration Committee in 2021 is set out in the corporate governance report available on page 60 in the Annual Report 2021.

Advisers

The Committee is informed of key developments, market updates and best practice in the field of remuneration and obtains advice from independent external consultants, when required, on individual remuneration packages and executive remuneration practices in general.

Key developments 2021

The CEO summarizes the company's overall performance in her statement on page 6-9 in the Annual Report 2021.

The company's Remuneration Guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. The remuneration structures shall encourage employees to do their utmost to safeguard shareholders' inter-

ests and thereby the company's sustainability and long-term value creation. Under the guidelines, executive remuneration shall be on market terms and may consist of the following components: base salary, variable cash remuneration, pension and other benefits. 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. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy.

The Remuneration Guidelines, adopted by the Annual General Meeting 2021, have been fully implemented. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The guidelines are found on pages 106-107 in the Annual Report 2021. The auditor's report regarding the company's compliance with the guidelines is available on www.mtg.com/governance.

Table 1 – Total CEO remuneration in 2021 (kSEK)

Name of director (position)	Fixed remuneration	Variable remuneration		Other benefits ¹⁾	Extraordinary items ²⁾	Pension	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	One-year variable	Multi-year variable					
Maria Redin CEO	5,950	5,950	-	362	-	595	12,857	54/46

1) Other benefits mainly refer to the CEO's company car benefits and holiday pay.

2) In 2022 a retention cash incentive to the CEO was implemented in accordance with, and to 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 paid out will be included in the 2022 and 2023 Remuneration Report, respectively.

Other remuneration paid to Board members in addition to the Board fees resolved at the Annual General Meeting

Chris Carvalho has been a member of the Board of MTG since the Annual General Meeting 2020, 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, the commencement of this assignment was in February 2019. The consultancy fee paid by MTGx Gaming Holding AB to Chris Carvalho during 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 elected Chairman of InnoGames. InnoGames has paid 750 kSEK in Board fees to Gerhard Florin in 2021, the payment from InnoGames is outside the MTG Board fees which were approved at the Annual General Meeting 2021.

Share-based remuneration

The company has two outstanding Long Term Incentive programs, that is the 2019 LTIP which comprise both a performance share plan and warrants and the 2021 LTIP which is a co-investment performance share plan. For 2020 it was decided by the Board to not put forward any Long Term Incentive program to the Annual General Meeting 2020 in light of the uncertain financial effects and possible impact from the spread of Covid-19.

The performance measurement period in the performance share plan in 2019 LTIP was one (1) year, i.e. the financial year 2019. The performance targets were evaluated by the Board after year end 2019 and were not met. Consequently, the performance share plan ceased in 2020, and no shares will be transferred to the participants.

The 2021 LTIP was approved at the Extraordinary General Meeting 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 per cent and up to 20 per cent of the gross annual base salary of each participant to participate in LTIP 2021.

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

The Share Rights shall vest free of charge after a three-year period, ending on 31 December 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 per cent per annum (the "Threshold TSR") no

Share Rights shall vest. If the TSR is equal to the Threshold TSR (i.e., 8 per cent per annum), 25 per cent of the Share Rights shall vest. If the TSR is equivalent to 35 per cent per annum or more (the "Maximum TSR"), 100 per cent 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 Extraordinary General Meeting 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).

Table 2 – 2019 and 2021 Performance Share Plans

The main conditions of share award plans						Information regarding the reported financial year					
Name of the holder (position)	Specification of plan	Performance period	Award date	Vesting date	End of retention period	Opening balance Share awards held at the beginning of the year	During the year		Closing balance		
							Awarded	Vested	Subject to performance condition	Awarded and unvested at year end	Shares subject to retention period
Maria Redin, CEO	LTIP 2019 ¹⁾	2019	31 May 2019	29 April 2022	29 April 2022	0	0	0	0	0	0
	LTIP 2021 ²⁾	2021–2023	31 March 2021	Q1 2024	Q1 2024	100,057	0	0	100,057	100,057	0

¹⁾ The maximum number of shares that could be awarded under LTIP 2019 for Maria, in her former CFO role, was 24,949 shares, the outcome of LTIP 2019 resulted in 0 shares.

²⁾ Maria has co-invested and locked in MTG Class B shares to a value of 20% of her gross annual base salary in the 2021 LTIP (Qualifying Shares).

The warrant plan in 2019 LTIP was directed to the CEO, senior executives and other key employees. The warrants issued entitle to a maximum of 434,667 Class B shares. Each warrant entitles the holder to, during a period from 15 June 2022 to 15 June 2023, subscribe to one new Class B share at 135 SEK corresponding to 115% of the average volume-weighted share price during the period 9 May 2019 and 22 May 2019. MTG subsidized the participants' purchase of warrants by granting the participants a cash compensation corresponding to between 25-75 per cent (depending on the participant's category), net after taxes, of the warrants purchased by the participant. Such subsidy has been 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 117.24 SEK, the average volume weighted share price during the five last trading days in March 2019.

Based on a rights issue which was approved by the Extraordinary General Meeting 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.

Table 3 – 2019 Warrant Plan

The main conditions of the warrant plan						Information regarding the reported financial year					
Name of the holder (position)	Name of plan	Performance period	Allotment date	Vesting date	Exercise period	Exercise price (subscription price) (SEK) ¹⁾	Opening balance Warrants held at beginning of year	Warrants allotted	During the year		Closing balance
									Warrants vested	Warrants subject to performance condition	Warrants allotted and unvested
Maria Redin CEO	LTIP 2019	21 June 2019–15 June 2022	21 June 2019	15 June 2022	15 June 2022–15 June 2023	120	58,284	0	0	0	58,284

¹⁾ The subscription price presented in the above table has been recalculated based on the rights issue which was approved by the Extraordinary General Meeting in January 2021. 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.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term

business priorities for 2021 have been taken into account. The combination of these measures further contributes to the profitability and organic growth in the vertical companies as well as the long-term interests and alignment with sustainability of the company.

Table 4 – Performance of the CEO in the reported financial year: Variable cash remuneration

Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	Entry threshold	Target description ¹⁾	a) Measured performance and b) actual award (kSEK) ²⁾
Maria Redin (CEO)	FY Gaming revenues	20%	90% of Target	vs Budget	a) 93% (including newly acquired companies) b) 1,190 kSEK ²⁾
	FY eSport revenues	15%	90% of Target	vs Budget	a) 100% (including anticipated revenues from eSports deal) b) 892,5 kSEK
	FY Group revenues	20%	90% of Target	vs Budget	a) 96% (including newly acquired companies and anticipated revenues from eSports deal) b) 1,190 kSEK ²⁾
	FY Group Adjusted EBITDA	35%	90% of Target	vs Budget	a) 100% (including newly acquired companies and anticipated revenues and EBITDA contributions from eSports deal) b) 2,082.5 kSEK
	CSR ³⁾	10%			a) 100% b) 595 kSEK

¹⁾ The targets for the financial performance criteria in the 2021 short term incentive plan has not been disclosed retrospectively due to that commercial sensitivity still applies.

²⁾ As allowed in the Remuneration Guidelines, which was approved by the Annual General Meeting in May 2021, 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 the outcome is a fair reflection of the company's performance. To improve the alignment of pay with execution on strategy and to reflect the exceptional operational performance and effective leadership demonstrated by the CEO during the year the Board modified the formulaic STI outcome. 2021 has been an intense and successful year with two successful acquisitions, two completed capital raisings as well as in-depth strategic work and preparation leading up to the announcement of the divestment of ESL Gaming to Savvy Gaming all of which showcases the company's ability to turn its deep understanding of the industry into significant shareholder value. The Board has taken into account the ESG matters when determining the outcomes. The company has once again been included in the SAM ESG Sustainability Yearbook 2022 with a top rating in its industry.

³⁾ The CSR target was evaluated from a qualitative perspective on the following parameters:

- Each vertical is to have at least one female C-suite officer.
- All companies must implement an external whistle-blower system and conduct training with all employees and workers in the system, how reports are made and the subsequent process.
- All companies shall develop and implement routines for ensuring responsible content on their social platforms.

Table 5 – Comparative information on the change of remuneration and company performance

CEO remuneration (kSEK)	2020	2021
CEO remuneration ¹⁾	10,986	12,857
Company performance (kSEK)		
Adjusted EBITDA ²⁾	535,224	907,747
Average remuneration on a full time equivalent basis of employees (kSEK)		
Average remuneration of employees of the parent company ³⁾	1,598	1,709

¹⁾ The CEO remuneration 2020 was annualized as she commenced the position in September 2020. The remuneration includes fixed salary, STI, benefits and pension.

²⁾ Definition of Adjusted EBITDA can be found on page 141 in the Annual Report 2021.

³⁾ The employees average remuneration figure for 2020 in last year's Remuneration Report was incorrect and has therefore been corrected in the above table. The average remuneration includes fixed salary, STI, benefits and pension.

Auditor's opinion, in accordance with Chapter 8, Section 54 of the Swedish Companies Act (2005:551).



Translation from the Swedish original

Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed

To the annual general meeting of Modern Times Group MTG AB (publ.), Corporate identity No 556309-9158

Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of Modern Times Group MTG AB (publ.) during the year 2021 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 18 May 2020 and the annual general meeting on 18 May 2021.

Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

Responsibility of the auditor

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives in some public limited companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The audit firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Modern Times Group MTG AB accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines 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.

We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

We consider that the Board of Directors and Chief Executive Officer of Modern Times Group MTG AB (publ.) during 2021 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 18 May 2020 and the annual general meeting on 18 May 2021.

Stockholm 17 May 2022

KPMG AB

Helena Nilsson

Authorized Public Accountant

The Board's motivated statement in accordance with Chapter 19, Section 22 and Chapter 20, Section 8, first paragraph of the Swedish Companies Act (2005:551)

The Board's reasons for the proposals to the Annual General Meeting on 8 June 2022 regarding (i) authorisation to resolve to repurchase own Class C shares under item 17(c), (ii) reduction of the share capital through redemption of shares with repayment to the shareholders under item 19(d) (the “**Repayment**”) and (iii) the authorisation to resolve on repurchase of own Class A and Class B shares under item 20 being in accordance with the provisions of Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act (2005:551), are as follows:

- MTG's objectives, scope of business and risks associated thereto are set out in the Articles of Association and in the submitted 2021 Annual Report.
- The Group's and the Parent Company's financial situation as at 31 December 2021 is stated in the 2021 Annual Report, and if not stated below the calculations are based on the situation per 31 December 2021. The principles applied for valuation of assets and liabilities are also stated in the 2021 Annual Report.
- As announced on 21 April 2022, MTG successfully closed the transaction to divest ESL Gaming to Savvy Gaming Group in an all-cash transaction (the “**ESL Gaming Divestment**”). MTG's net proceeds from the ESL Gaming Divestment amounted to approximately USD 875 million (SEK 8,340 million), including transaction related costs and fees. In May 2022, the Board resolved to use its authorisation to repurchase own shares and as per 9 May 2022, shares for a total amount of SEK approximately 29 million has been repurchased. MTG's intention is to repurchase shares for a total amount of up to SEK 125m, until the Annual General Meeting 2022.
- The proposed Repayment includes a value transfer to the shareholders of SEK 25.00 per share, with exception for Class C redemption shares as well as any Class A redemption shares and Class B redemption shares held in treasury on the record date, corresponding to an amount of up to SEK 2,767 million. The Repayment is proposed in order to return parts of the value due to the closing of the ESL Gaming Divestment.
- Per 9 May 2022 MTG holds 572,968 shares of Class B and 6,324,343 shares of Class C in treasury, corresponding to approximately 6 percent of the total number of shares in MTG. The cost in relation to repurchase of own Class A and Class B shares depends on to which extent, if at all, the Board makes use of the Annual General Meeting's authorisation. Further, on 9 May 2022 the Board has announced its intention to continue to repurchase shares. E.g., should the Board resolve to repurchase one (1) percent of the total number of shares in MTG (excluding treasury shares), this would amount to approximately SEK 124 million based on the closing price for MTG's Class B share on 9 May 2022, SEK 105.6 (the day the notice to the Annual General Meeting was made public).
- The cost in relation to repurchase of own Class C Shares is limited to administrative costs amounting to approximately SEK 150,000.
- The proposed authorisation to resolve to repurchase own Class C shares, the Repayment and the authorisation to resolve on repurchase of own Class A and Class B (under the assumption that MTG repurchases one (1) percent of the total number of shares in MTG) shares constitutes 38 percent of the Group's equity attributable to the Parent Company's shareholders and 33 percent of the Parent Company's non-restricted equity (also taking into account the current SEK 125m repurchase program). Further, the Group's equity/asset ratio amounts to 56 percent prior to the proposals regarding repurchase of own Class C shares, the Repayment and the authorisation to resolve on repurchase of own Class A and Class B shares (under the assumption that MTG repurchases one (1) percent of the total number of shares in MTG), and will amount

to 40 percent after these proposals have been taken into account (also taking into account the current SEK 125m repurchase program).

- The Group's liquidity reserve including short term investments totals SEK 943 million, and the debt/equity ratio was 76 percent.

The proposed repurchase of own Class C shares, the Repayment and the authorisation to resolve on repurchase of own Class A and Class B shares do not endanger the continuation of planned investments. MTG's financial position is such that MTG can continue its business and is expected to fulfil all of its obligations on a short and long-term basis.

With reference to the aforementioned and what has otherwise been brought to the Board's attention, it is the Board's opinion that the proposed repurchase of own Class C shares, the Repayment and the authorisation to resolve on repurchase of own Class A and Class B shares are justified with reference to the requirements that the nature of the operations, the scope of business and the risks associated thereto place on the Parent Company's and the Group's shareholders' equity, consolidation requirements, liquidity and position in general.

Stockholm, 17 May 2022

MODERN TIMES GROUP MTG AB (PUBL)

THE BOARD

The Board's report in accordance with Chapter 20, Section 13 of the Swedish Companies Act (2005:551)

The proposed reduction of the share capital through redemption of shares in accordance with item 19(d) on the proposed agenda for the Annual General Meeting on 8 June 2022 amounts to SEK 292,537,637.50, and will be effectuated by redemption of Class A redemption shares, Class B redemption shares and Class C redemption shares (the “**Redemption**”). The reason for redeeming only the redemption shares is that the reduction of the share capital through redemption of shares is carried out in order to efficiently carry out an extraordinary cash value transfer to the shareholders (which is also the reason to not offer any Repayment to the holders of Class C redemption shares in connection with the redemption of shares, as the Class C shares do not entitle to dividend).

With reference to the aforementioned, the proposed redemption amount will amount to SEK 25.00 per redemption share, whereof SEK 22.50 exceeds the quota value of the share, and the total Repayment will amount to no more than SEK 2,767 million.

The Board's proposals under item 19(d) on the proposed agenda to the Annual General Meeting on 8 June 2022 mean that the amount available for distribution is estimated to be reduced with no more than SEK 2,491 million to SEK 6,603 million according to the MTG's balance sheet as at 31 December 2021.

In order to achieve a time efficient share redemption plan without having to obtain authorisation from the Swedish Companies Registration Office or a court of general jurisdiction the Board proposes, in accordance with item 19(e) on the proposed agenda, that the meeting resolves to restore the share capital of the company to its original amount, by increasing the share capital of the company with SEK 292,537,637.50 transferred to the share capital from the non-restricted equity through a bonus issue, without issuance of new shares.

There will be no other effect on the company's restricted equity other than through the reduction, and after the bonus issue, the company's share capital will be the same as prior to the share redemption plan.

Stockholm, 17 May 2022
MODERN TIMES GROUP MTG AB (PUBL)
THE BOARD

Auditor's opinion, in accordance with Chapter 20, Section 8, second paragraph of the Swedish Companies Act (2005:551).



Translation from the Swedish original

Auditor's opinion under Chapter 20 Section 8 second paragraph of the Swedish Companies Act (2005:551) on whether the Annual General Meeting should decide according to the proposal to reduce share capital

To the Annual General Meeting of Modern Times Group MTG AB (publ), Corporate identity No 556309-9158

We have examined the Board of Directors' proposal to reduce share capital dated 17 May 2022.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation of the proposal to reduce the share capital in accordance with the Swedish Companies Act and for such internal control that the Board of Directors determines is necessary to enable the preparation of a proposal that is free from material misstatements, whether due to fraud or errors.

Auditor's responsibility

Our responsibility is to express an opinion on the reduction of the share capital based on our examination. We have conducted the examination in accordance with FAR's recommendation RevR 9 *The Auditor's Other Statements Pursuant to the Swedish Companies Act and the Companies Ordinance*. This recommendation requires that we plan and perform our examination to obtain reasonable assurance about whether the Board of Directors' proposal is free from material misstatements. The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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.

The examination involves performing procedures to obtain evidence about financial and other information in the Board of Directors proposal. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the proposal, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the proposal in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. The examination also includes evaluating the appropriateness and the reasonableness of the assumptions made by the Board of Directors. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

We recommend the Board of Directors' proposal on reduction of the share capital for repayment to the shareholders.

Other matter

This opinion is only intended to fulfill the requirement under Chapter 20 Section 8 second paragraph of the Swedish Companies Act and may not be used for any other purposes.

Stockholm, 18 May 2022

KPMG AB

Helena Nilsson
Authorized public accountant

Auditor's opinion, in accordance with Chapter 20, Section 14 of the Swedish Companies Act (2005:551).



Translation from the Swedish original

Auditor's opinion under Chapter 20 Section 14 of the Swedish Companies Act (2005:551) of the Board of Directors' report with information on special redemption terms etc.

To the Annual General Meeting of Modern Times Group MTG AB (publ), Corporate identity No 556309-9158

We have examined the Board of Directors' report with information on special redemption terms dated 17 May 2022.

Responsibility of the Board of Directors

The Board of Directors is responsible for the report with information on special redemption terms according to the Swedish Companies Act and for such internal control that they determine is necessary to enable the preparation of a report that is free from material misstatements, whether due to fraud or errors.

Auditor's responsibility

Our responsibility is to express an opinion on the specific redemption terms on the basis of our examination. We have conducted the examination in accordance with FAR's recommendation RevR 9 *The Auditor's Other Statements Pursuant to the Swedish Companies Act and the Companies Ordinance*. This recommendation requires that we plan and perform our examination to obtain reasonable assurance about whether the Board of Directors' report is free from material misstatements. The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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.

The examination involves performing procedures to obtain evidence about financial and other information in the report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. The examination also includes evaluating the appropriateness and the reasonableness of the assumptions made by the Board of Directors. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion

- the Board of Directors' report regarding redemption of shares is true, and
- the measures taken, that do not reduce the company's restricted equity nor the share capital, are appropriate and that the assessments made about the effects of these measures are correct.

Other matter

This opinion is only intended to fulfill the requirement under Chapter 20 Section 14 of the Swedish Companies Act and may not be used for any other purposes.

Stockholm, 18 May 2022

KPMG AB

Helena Nilsson
Authorized public accountant

The Board's motivated statement in accordance with Chapter 13, Section 7 of the Swedish Companies Act (2005:551).

The Board has proposed that the AGM resolves upon a directed new issue to EHM Holding GmbH ("EHM") of a maximum of 22,310,782 Class B shares. MTG's share capital will as a consequence hereof be increased by a maximum of SEK 111,553,910.

The Board hereby submits the following report in accordance with Chapter 13, Section 7 of the Swedish Companies Act.

MTG indirectly owns 79 percent of the shares in MTG Gaming AB ("MTG Gaming"), a holding company that holds MTG group's entire gaming business. The remaining shares are held by EHM, which in turn is owned by Hendrik Klindworth, Eike Klindworth and Michael Zillmer, the founders of InnoGames and also employees in the MTG Group. MTG has now entered into an agreement to purchase EHM's shares in MTG Gaming, and the purchase price consists of newly issued Class B shares in MTG.

The property to be contributed for the newly issued shares consists of all EHM's shares in MTG Gaming.

To derive the value of EHM's minority stake and thus the number of shares of Class B in MTG to be received by EHM, the implied enterprise value of MTG shall be calculated based on the 110,690,712 outstanding trading shares in MTG multiplied by the higher of 1) SEK 114, and 2) the volume-weighted average price paid for MTG B-shares on Nasdaq Nordic during 9 May – 3 June 2022, however capped at SEK 167, less a share redemption plan of SEK 2,767,267,800 and the ongoing share buyback program of in total SEK 125,000,000, and adjusting for MTG's net assets as per the date of the agreement with EHM, SEK 3,674,873,625. The implied MTG enterprise value shall be grossed up by EHM's 21 percent minority stake to arrive at EHM's MTG Gaming stake valuation and thus EHM's ownership share in MTG.

The value of EHM's minority stake to be contributed has been established on the basis of the valuation of the Board and negotiations with EHM. Any upside for MTG, such as a simpler and more transparent corporate structure for MTG, and also strengthened group financials, balance sheet and cash flow access have been taken into account. It is the Board's opinion that the result of the valuation methods supports the value of the contribution in kind. The Board of MTG considers the property in kind consideration to be fair from a financial point of view to MTG's shareholders, and has also obtained a fairness opinion from EY, reflecting their opinion on the basis of the considerations stated therein, that the consideration to be paid by MTG is fair, from a financial point of view, to MTG's shareholders. The fairness opinion is available on the company's website at www.mtg.com under the heading "General Meetings" (which can be found under the section "Investors"), and is also appended to this statement. Further, in the Board's opinion the contributed property has not been set at a higher value than the real value for MTG. In the Board of Directors' opinion, the contributed property will be of value for MTG's operations.

On the basis of the above and the applicable accounting standards, the Board of Directors assess that the property in kind in the form of the 17,578,869 shares in MTG Gaming will be recognised at a value in the balance sheet of MTG of, in aggregate, SEK 1,798,249,029.20, based on that the volume-weighted average price paid for MTG's Class B share on Nasdaq Nordic during 9 May – 3 June 2022 is corresponding to, or exceeding, SEK 167 and the estimated subscription price of SEK 80.60 per share (the preliminary subscription price has been calculated based on the closing price for MTG's Class B share as of 9 May 2022, taking into consideration a share redemption amount of SEK 25 per Class A and B share, respectively). As a result of applicable accounting standards, the subscription price as well as the value that the property in kind finally is recorded at in the balance sheet of MTG may change depending on the value of MTG's shares on the so-called transaction date. Further, in case the volume-weighted average price paid for MTG's Class B share on Nasdaq Nordic during 9 May – 3 June 2022 is lower than SEK 167, the number of shares to be allocated to EHM will be adjusted, and as result the value the contributed MTG Gaming shares finally will be recorded at in the balance sheet of MTG will

also be adjusted according to what is set out above. The number of shares to be allocated to EHM shall in any case not be fewer than 18,074,753, resulting in that the acquired shares in MTG Gaming would be recorded at a value in the balance sheet of MTG of, in aggregate, SEK 1,456,825,091.80, based on the estimated subscription price of SEK 80.60.

Documents according to Section 2 Chapter 9 of the Swedish Companies Act are available at MTG.

Stockholm, 17 May 2022

MODERN TIMES GROUP MTG AB (PUBL)

THE BOARD

EY Fairness opinion



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Board of Directors
Modern Times Group MTG AB
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16 May 2022

Fairness opinion letter

On 9 May 2022, Modern Times Group MTG AB ("the Company" or "MTG") announced an agreement to make a share for share exchange ("the Exchange") involving the current minority investor in MTG's subsidiary MTG Gaming AB, EHM Holding GmbH ("EHM"). The shares held by EHM in MTG Gaming AB are to be exchanged for shares in MTG.

The proportion of shares in MTG that EHM will receive is dependent on MTG's volume-weighted average share price calculated over the period 9 May to 3 June 2022. The applied share price in the agreed mechanism has a floor of SEK 114 and a cap of SEK 167, i.e., if the volume-weighted average share price is outside of this range, then the floor/cap should be applied:

Table: EHM share of MTG post-exchange at different MTG share price intervals (SEK)

MTG share price (SEK)	EHM share of MTG post-exchange (incl. Floor/cap)
80	14.2%
90	14.2%
100	14.2%
110	14.2%
114 (floor)	14.2%
120	14.7%
130	15.3%
140	15.8%
150	16.3%
160	16.7%
167 (cap)	16.9%
170	16.9%
180	16.9%
190	16.9%
200	16.9%

MTG has engaged Ernst & Young AB ("EY") as an independent valuation expert for the purpose of issuing an assessment of the fairness of the Exchange from a financial point of view for the shareholders of MTG ("Fairness Opinion").

In order to provide this Fairness Opinion, we have performed the analyses deemed necessary, giving consideration, inter alia, to the following information:

- Historical development of MTG's share price and valuation multiples
- MTG's planned share redemption and share buy back
- Public financial reports from MTG
- Non-public financial information regarding MTG
- Equity analyst reports
- Public information about comparable companies
- Interviews with MTG's management

In addition, we have performed the value calculations and financial analyses that we have deemed necessary to provide the opinion below.

In our assessment we have relied upon the correctness and completeness of the information provided by MTG without independent verification. We are not responsible for conclusions based on erroneous or incomplete information provided to us.

Our assignment was finalised on 16 May 2022. Events or information occurring after this date have not been subject to consideration.

EY is retained by the Company to provide this Fairness Opinion in connection with the Exchange and will receive a fixed fee for its services. EY's fee is not contingent upon, or related to, the size of the Exchange consideration, or whether the Exchange is accepted.

We are providing this Fairness Opinion to MTG who may use this document only in its entirety in the communication with the shareholders of MTG concerning the Exchange. Our opinion expressed below must not be construed as a recommendation as to whether the shareholders of MTG should accept the Exchange.

Based on the work performed by EY, and on the statements above, we are of the opinion that the Exchange, on the date of issue of this document, is fair from a financial point of view for the shareholders of MTG provided that the volume-weighted average share price, once established, is higher than SEK 100.

Were the volume-weighted average share price to fall considerably from its current level, below SEK 100, this would necessitate a fresh analysis of what the market could be pricing in.

Yours sincerely,

Ernst & Young AB



Ben Campbell
Partner

Auditor's opinion in accordance with Chapter 13, Section 8 of the Swedish Companies Act (2005:551).



Translation from the Swedish original

Auditor's opinion pursuant to Chapter 13, section 8 of The Swedish Companies Act (2005:551) on the Board of Directors' statement on the capital contributed in kind

To the Annual General Meeting of Modern Times Group MTG AB (publ), org. no. 556309-9158

We have examined the Board of Directors' statement in respect of capital contributed in kind dated 17 May 2022.

The Board of Directors' responsibility for the statement

The Board of Directors is responsible for the preparation of the statement in accordance with The Companies Act and for such internal control as the Board of Directors determine is necessary to enable the preparation of a statement free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our objective is to express an opinion on the capital contributed in kind on the basis of our examination. We conducted our examination in accordance with FAR's accounting standard RevR 9 *The auditor's other opinions in accordance with the Swedish Companies Act and the Swedish Companies Regulation*. This recommendation requires us to plan and conduct our work in order to obtain reasonable assurance that the Board of Directors' statement is free from material misstatement. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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.

The examination involves obtaining evidence of the information in the Board of Directors' statement through various procedures. The auditor identifies and assess the risks of material misstatement in the statement, whether due to fraud or error, and design and perform procedures responsive of those risks. In carrying out this risk assessment, the auditor considers the internal control relevant to the examination in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. The examination also includes an evaluation of the appropriateness of the valuation methods used and the reasonability of the Board of Directors' assumptions. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion

- the capital contributed in kind is or is likely to be of benefit to the company's business; and
- the capital contributed in kind in the Board of Directors' statement has not been stated at a value greater than the fair value of the company.

Other information

As stated in the Board of Directors' statement, the capital contributed in kind consists of 17 578 869 shares in MTG Gaming AB. The capital contributed in kind is valued as presented in the statement prepared by the Board of Directors.

The statement implies that the capital contributed in kind is estimated to be reported at value of 1 798 249 029,20 SEK in the balance sheet if the share price on B shares in Modern Times Group MTG (publ) amounts to or exceeds 167 SEK per share as is presented in the Board of Directors statement or, if the share price amounts to or is less than 114 SEK per share to a value of 1 456 825 091,80 SEK. It can also be reported at a value in between those values depending on the volume-weighted average share price of B shares in Modern Times Group MTG (publ) during 9 May – 3 June 2022. The value at which the capital contributed in kind finally will be recognized at in the balance sheet is, as presented in the Board of Directors statement, further depending on the share price on B shares in Modern Times Group MTG (publ) at the time of the transaction.

This opinion is intended solely to fulfil the requirement laid down in Chapter 13, section 8 of The Swedish Companies Act and may not be used for any other purpose.

Stockholm, 18 May 2022

KPMG AB

Helena Nilsson
Authorized Public Accountant