

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⁾	Warrants held at beginning of year	Opening balance 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 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) ¹⁾
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

	2020	2021
CEO remuneration (kSEK)		
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