



DOCUMENTATION, INCLUDING THE REMUNERATION REPORT, TO THE ANNUAL
GENERAL MEETING WEDNESDAY 17 MAY 2023

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2022 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 2022. 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 23 (Employees and personnel costs) on pages 100-105 in the Annual Report 2022. 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 23 on page 102 in the Annual Report 2022. 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 2022:

- Gerhard Florin (he has served on the Committee for the full year 2022 and he is Chairman of the Remuneration Committee)
- Natalie Tydeman (she has served on the Remuneration Committee for the full year 2022)
- Dawn Hudson (she has served on the Remuneration Committee for the full year 2022)

Members of the management team, including Maria Redin (CEO) and Lasse Pilgaard (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 2022 is set out in the corporate governance report available on page 54 in the Annual Report 2022.

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 2022

The CEO summarizes the company's overall performance in her statement on page 6-7 in the Annual Report 2022.

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' interests 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 100-105 in the Annual Report for 2022. 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 2022 (mSEK)

Name of director (position)	Fixed remuneration		Variable remuneration				Pension	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	One-year variable ¹⁾	Multi-year variable	Other benefits ²⁾	Extraordinary items ³⁾				
Maria Redin (CEO)	7,14	5,71	-	0,28	7,14	0,71	20,99	39/61	

¹⁾ The one-year variable in the above table refers to the cash portion of the 2022 Incentive Plan, the portion of Share Rights is reported in table 2.

²⁾ Other benefits mainly refer to the CEO's company car benefits and holiday pay.

³⁾ As informed in the 2021 Remuneration Report a retention cash incentive to the CEO was implemented in 2022 in accordance with, and to maximum amount provided for by, the Remuneration Guidelines provisions regarding extraordinary arrangements. The retention cash incentive was to be paid out in two equal installments in Q1 2022 and in Q1 2023. Information regarding amount paid out in 2022 is included in the table above. Information about amount paid out in 2023 will be included in the 2023 Remuneration Report.

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 2022, was 0,87 mSEK. 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 0,82 mSEK in Board fees to Gerhard Florin in 2022, the payment from InnoGames is outside the MTG Board fees which were approved at the Annual General Meeting 2022.

Share-based remuneration

The company has three outstanding Long Term Incentive programs, that is the 2019 LTIP which comprise both a performance share plan and warrants, the 2021 LTIP which is a co-investment performance share plan and the 2022 Incentive Plan that has a new simplified incentive structure for variable remuneration covering both the short-term variable remuneration and the long-term share-based remuneration of MTG. For 2020 it was decided by the Board to not put forward any Long Term Incentive program to the AGM 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 were transferred to the participants at the end of vesting period.

The 2021 LTIP was approved at the Extraordinary General Meeting (the "EGM") on 21 January 2021. 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. Vesting is contingent on continued employment.

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) 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.

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.

A rights issue was approved by the EGM in January 2021. In early 2022 MTG divested ESL Gaming to Savvy Group. MTG intended to

return at least 40 percent of the net proceeds from the divestment of ESL Gaming to its shareholders. A share redemption plan was proposed as part of this intention, and the share redemption plan was approved by the AGM in June 2022.

Based on the 2021 rights issue and the 2022 share redemption plan 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).

The **2022 Incentive Plan** was approved by the AGM in 2022. The 2022 Incentive Plan has a new simplified incentive structure for variable remuneration, it covers both the short-term variable remuner-

ation (STI) and the long-term share-based remuneration of MTG. The plan provides the participants a possibility to receive variable remuneration partly in the form of cash remuneration, partly in the form of rights to receive class B shares free of charge (the "Share Rights"). In brief, to the extent certain performance conditions are achieved during the financial year 2022, the participants in the 2022 Incentive Plan are allotted a variable remuneration in the beginning of 2023 of which a part will be paid out in cash, and a part will be allotted in the form of Share Rights. Each such Share Right carries a right to receive one (1) MTG Class B share, subject to continued employment at the time of vesting. 50 percent of the share rights vest in 2024 and 50 percent in 2025, in both cases after the publication of the year-end for 2023 and 2024, respectively.

Table 2 – 2019, 2021 and 2022 Long Term Incentive 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	During the year		Closing balance		Shares subject to retention period
						Share awards held at the beginning of the year	Awarded	Vested	Subject to performance condition	Awarded and unvested at year end	
Maria Redin, CEO	LTIP 2019 ¹⁾	2019	31 May 2019	29 April 2022	29 April 2022	-	-	-	-	-	-
	LTIP 2021 ²⁾	2021–2023	1 March 2021	Q1 2024	Q1 2024	100,057	-	-	128,696	128,696	-
	2022 Incentive Plan ³⁾	2022	June 2022	Q1 2024 and Q1 2025	Q1 2025	-	113,588	-	-	113,588	-

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). Based on the 2022 share redemption plan approved at the 2022 Annual General Meeting in June 2022 the number of share rights were subject to customary recalculation.

³⁾ The 2022 Incentive plan covers both the STI and the long-term share-based remuneration. The participants in the 2022 plan are allotted a variable remuneration in the beginning of 2023 of which a part will be paid out in cash (see the STI payment in table 4 in this Remuneration Report), and a part will be allotted in the form of share rights. 50 percent of the share rights vest in 2024 and 50 percent in 2025, in both cases after the publication of the year-end for 2023 and 2024, respectively. The share rights were allotted in March 2023.

The **2019 warrant** plan was directed to the CEO, senior executives and other key employees. 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. The participants' maximum profit is capped. 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 was 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.

Based on the 2021 rights issue which was approved by the EGM in 2021 and the 2022 share redemption plan approved by the AGM in 2022, 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 2021 and for the extraordinary cash value transfer to MTG's shareholders 2022.

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	During the year		Closing balance	
							Warrants held at beginning of year	Warrants allotted	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	92.90	58,284	58,284	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 and the 2022 share redemption plan approved by the Annual General Meeting in 2022. 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 2021 and for the extraordinary cash value transfer to MTG's shareholders 2022.

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 2022 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: 2022 Incentive Plan¹⁾

Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	Entry threshold (awards 0% payout)	Target level (awards 100% payout)	Maximum level (awards 150% payout)	Measured performance	Actual Award of 2022 Incentive Plan	
							Cash portion (mSEK)	Share Rights portion (the value at time of allotment, in mSEK)
Maria Redin (CEO)	MTG Revenues FY 2022	30%	SEK 4,849m	vs Budget	SEK 5,927m	28%	0,57	0,86
	MTG Adjusted EBITDA FY 2022 ²⁾	30%	SEK 1,126.6m	vs Budget	SEK 1,456.6m	107%	2,28	3,43
	Absolute TSR	25%	8 percent	15 percent	23 percent	133%	2,36	3,53
	ESG target: Diversity in workforce	7,5%	1 percent improvement of the 2021 year-end ratio of 27.3 percent female and non-binary employees in the Group	3 percent improvement of the 2021 year-end ratio of 27.3 percent female and non-binary employees in the Group	-	75%	0,43	0,64
	ESG target: Data Privacy and Security ³⁾	7,5%	80% completion of MTG's extensive data privacy program involving execution of 78 different projects across the Group	100% completion of MTG's extensive data privacy program involving execution of 78 different projects across the Group	-	25%	0,07	0,11

¹⁾ The CEO's maximum value in the 2022 Incentive Plan is: 250 percent (of which 100 percent as a cash component and 150 percent as a share component). The level of target achievement in the 2022 Incentive Plan was 80%, the total amount achieved in cash portion is reported in table 1, the value of the share portion has been converted to a maximum number of Share Rights that are reported in table 2.

²⁾ The Adjusted EBITDA thresholds have been adjusted in order to account for the budgeted Adj EBITDA impact of 4 mUSD blockchain investments approved by the Board and the definition change of Adjusted EBITDA related to long term incentive programs implemented during the second quarter of the year.

³⁾ MTG has an extensive data privacy program involving execution of 78 different projects across the Group. The threshold level was 80 percent completion of the data privacy and security build phase projects for the Group as a whole including the newly acquired companies (where 'build phase' means the phase during which a basic foundation for compliance is laid) and the target level was 100 percent completion of the same.

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

CEO remuneration (mSEK)	2020	2021	2022
CEO remuneration ¹⁾	10,99	12,86	20,99
Company performance (mSEK)			
Adjusted EBITDA ²⁾	535	908	1,373
Average remuneration on a full time equivalent basis of employees (mSEK)			
Average remuneration of employees of the parent company ³⁾	1,6	1,71	1,84

¹⁾ The CEO remuneration includes fixed salary, STI, benefits and pension. The CEO remuneration 2022 reflects the Company's and the CEO's individual extraordinary performance, the payout of targets achieved of the 2022 Incentive Plan, the payout of retention plan cash incentive and 2022 salary increase.

²⁾ Definition of Adjusted EBITDA can be found on page 135 in the Annual Report 2022.

³⁾ The employees 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 2022 have followed the guidelines on remuneration of senior executives adopted at 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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 2022 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 18 May 2021.

As can be seen from note 23, the board has utilized the possibility in the adopted guidelines for extraordinary arrangements.

Stockholm 11 April 2023

KPMG AB

Helena Nilsson
Authorized Public Accountant

The Board's complete proposal for resolution on reduction of share capital by way of cancellation of repurchased own Class B shares

The board of directors of Modern Times Group MTG AB, reg. no. 556309-9158, proposes that the Annual General Meeting resolves to reduce the company's share capital by no more than SEK 32,600,000 by cancellation of the Class B shares held in treasury repurchased by MTG during the period 20 June 2022 and 26 April 2023, under its, in total SEK 600m, share repurchase programs announced on 17 June 2022 and 25 October 2022, respectively. The purpose of the reduction is allocation to unrestricted equity. The reduction resolution may not be effectuated until registration with the Swedish Companies Registration Office has been completed and the authorisation of the Swedish Companies Registration Office has been obtained.

Stockholm, 25 April 2023

MODERN TIMES GROUP MTG AB
THE BOARD

Complete performance measures and targets for the 2023 Incentive Plan

For the combined short-term and long-term incentive plan for 2023, proposed by the board of directors of MTG to the Annual General Meeting under item 19 of the proposed agenda set out in the notice to the Annual General Meeting, the following performance conditions shall apply. With respect to the performance category “Financial measures”, the performance levels are linked to the full year 2023 budget for the Group, which was reflected in MTG’s outlook for the full year 2023 as outlined in the Q1 2023 interim report published by MTG on 26 April 2023.

With respect to the other performance categories (included herein for convenience), no changes have been made compared to what was included in the notice to the Annual General Meeting:

Performance categories	Performance conditions	Relative weighting of the performance criteria	Performance threshold and corresponding payout	Performance levels
Financial measures	Revenue	25%	Threshold: 4,999m Maximum level: 6,110m	The performance levels are linked to the full year 2023 budget for the Group (which is reflected in the outlook for the full year 2023 as outlined in the Q1 2023 interim report). The threshold level is SEK 4,999 million and the maximum level is SEK 6,110 million, and shall be adjusted for exchange rates. Between the threshold level and the maximum level there is a target level.
	Adjusted EBITDA	25%	Threshold: 1,175m Maximum level: 1,436m	The performance levels are linked to the full year 2023 budget for the Group (which is reflected in the outlook for the full year 2023 as outlined in the Q1 2023 interim report). The threshold level is SEK 1,175 million and maximum level is SEK 1,436 million. Between the threshold level and the maximum level there is a target level.

Strategic KPI	MTG Participants: AdTech platform investment roadmap	20%	Threshold: 50% of target level Maximum level: 100% of target corresponding to Index 100	Performance will be calculated by assessing a number of KPIs, the AdTech platform investment roadmap and the performance in driving more effective ad monetization. Each KPI can contribute with an individual score between 0 percent and 125 percent depending on goal achievement.
	InnoGames Participants: Net Payout Potential (NPP)			The NPP performance level is linked to the full year goal of estimated future revenue created from marketing spend for InnoGames.

Shareholder value creation	Absolute total shareholder return	20%	<p>Threshold: 5% TSR (threshold equals Index 50)</p> <p>Maximum level: 20% enabling Index 150</p>	The TSR threshold level is 5 percent and the maximum level is 20 percent, adjusted on the basis of the shareholder reinvesting all dividends and other value transfers into the MTG Class B share, before tax, on each respective ex-dividend date. Between the threshold level and the maximum level there is a target level of 12.5 percent. At threshold (5 percent) this performance condition enables a qualifier achievement of Index 50 with linear increase to 20 percent to enable Index 150.
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ESG	Diversity in workforce	5%	<p>Threshold: 1% improvement</p> <p>Maximum level: 3% improvement enabling Index 100</p>	Diversity in workforce improvement will be calculated based on the ratio of female and non-binary employees in the Group compared to the prior year. Improvement will be measured on an individual company level, each with equal weighting, and will be measured between 1 January 2023 and 31 December 2023. Baseline will be revised based on impact from potential M&A.
	Data privacy	5%	<p>Threshold: 70% of target</p> <p>Maximum: 90% of target enabling index 100</p>	MTG believes that comprehensive privacy conduct creates real long-term value and helps build a sustainable gaming business and therefore has an extensive data privacy program involving many different projects across the Group. The threshold level is a 70 percent completion rate of the data privacy build-up phase and the data privacy maintenance phase (with a weighting of 40 percent and 60 percent, respectively) for the companies that were part of the Group as a whole as of 1 January 2023 and the target level is a 90 percent completion rate of the same. The weighting of each company will be based on its 2023 revenue contribution.

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

The Board's reasons for the proposals to the Annual General Meeting on 17 May 2023 regarding (i) authorisation to resolve to repurchase own Class C shares under item 19(c), (ii) authorisation to resolve to repurchase own Class C shares under item 20(b) and (iii) authorisation to resolve on repurchase of own shares under item 22 (collectively, the “**Repurchase Authorisations**”) 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 2022 Annual Report.
- The Group's and the Parent Company's financial situation as at 31 December 2022 is stated in the 2022 Annual Report, and if not stated below the calculations are based on the situation per 31 December 2022. The principles applied for valuation of assets and liabilities are also stated in the 2022 Annual Report.
- As of 14 April 2023, MTG holds 6,555,433 shares of Class B and 6,324,343 shares of Class C in treasury, corresponding to approximately 9.6 percent of the total number of shares in MTG. Further, the Board has under item 21 of the proposed agenda proposed that the 2023 Annual General Meeting resolves to reduce the share capital by way of cancellation of a maximum of 6,520,000 repurchased own Class B shares. 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. E.g., should the Board resolve to repurchase one (1) percent of the total number of shares in MTG, this would amount to approximately SEK 109 million based on the closing price for MTG's Class B share on 14 April 2023, SEK 81.50 (the day the notice to the Annual General Meeting was made public).
- The cost in relation to repurchases of own Class C Shares under items 19(c) and 20(b) is limited to administrative costs amounting to approximately SEK 300,000.
- The proposed Repurchase Authorisations (under the assumption that MTG repurchases one (1) percent of the total number of shares in MTG under item 22) constitutes 0.78 percent of the Group's equity attributable to the Parent Company's shareholders and 0.72 percent of the Parent Company's non-restricted equity. Further, the Group's equity/asset ratio amounts to 74.24 percent prior to the proposals on the Repurchase Authorisations, and will amount to 73.66 percent after these proposals have been taken into account (under the assumption that MTG repurchases one (1) percent of the total number of shares in MTG).
- The Group's liquidity reserve including short term investments totals SEK 4,733 million, and the debt/equity ratio was 35 percent.

The proposed Repurchase Authorisations 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 Authorisations 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, 25 April 2023
MODERN TIMES GROUP MTG AB
THE BOARD

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

By reason of the proposal by the board of directors of Modern Times Group MTG AB, reg. no. 556309-9158, that the Annual General Meeting resolves on a new issue of class B shares with payment by way of set-off, the board of directors hereby issues the following report.

In June 2021, MTG acquired 100 percent of the shares in leading tower defense gaming studio and publisher Ninja Kiwi Limited ("**Ninja Kiwi**"). The consideration consisted of an up-front payment, in cash and newly issued MTG class B shares, corresponding to in total approximately SEK 1,216m, on a cash and debt free basis. According to the agreement with the sellers of Ninja Kiwi, the sellers, including certain key employees responsible for Ninja Kiwi's operations, referred to as the "**Sellers**" had a right to receive earn-out payments, contingent upon certain profitability targets for Ninja Kiwi. A certain percentage of these earn-out payments were agreed to be paid by delivery of shares in MTG.

These profitability targets have been achieved, and an earn-out consideration in the form of two vendor loan notes, in a total aggregate amount corresponding to SEK 347,257,200 (the "**Earn-Out Amount**") issued by MTG shall be paid by MTG through a directed issue of Class B shares in MTG to the Sellers. The first vendor loan note amounts to SEK 101,404,800 (the "**VLN 1 Amount**") and is to be set-off by way of an issuance of 1,163,700 Class B shares, calculated based on the volume-weighted average price of MTG's class B share on Nasdaq Stockholm between 29 June 2022 and 26 July 2022, being SEK 87.14 (the "**VLN 1 Shares**"). The second vendor loan note amounts to SEK 245,852,400 (the "**VLN 2 Amount**") and is to be set-off by way of an issuance of Class B shares, the number of which shall correspond to the VLN 2 Amount divided by the volume-weighted average price of MTG's class B shares on Nasdaq Stockholm during the period 12 April - 10 May 2023 (the "**VLN 2 Shares**"). The vendor loan notes are proposed to be set-off in accordance with the following distribution:

Creditor	VLN 1 Amount to be set-off	VLN 2 Amount to be set-off
C J A Harris as trustee of the Harris-Kang Investment Trust	SEK 33,463,584	SEK 81,131,292
M Kang as trustee of the Harris-Kang Investment Trust		
S P Harris as trustee of the Harris-Kang Investment Trust		
C J A Harris as trustee of the Harris-Liang Family Trust	SEK 33,463,584	SEK 81,131,292
R W S Liang as trustee of the Harris-Liang Family Trust		
S P Harris as trustee of the Harris-Liang Family Trust		
Koa Kiwi Trustee Limited (as nominated and assigned by Scott Walker	SEK 10,140,480	SEK 24,585,240
D M L Hamilton	SEK 6,084,288	SEK 14,751,144
B Petrie	SEK 6,084,288	SEK 14,751,144
C J A Harris	SEK 3,549,168	SEK 8,604,834
S P Harris	SEK 3,549,168	SEK 8,604,834
J K Hopcroft	SEK 1,014,048	SEK 2,458,524

L T Baird	SEK 1,014,048	SEK 2,458,524
J A Catt	SEK 1,014,048	SEK 2,458,524
D K Parker	SEK 1,014,048	SEK 2,458,524
M Kang	SEK 507,024	SEK 1,229,262
R W S Liang	SEK 507,024	SEK 1,229,262
Total:	SEK 101,404,800	SEK 245,852,400

The holders of the vendor loan notes have declared that they are willing to subscribe for a total of up to 6,000,000 B-shares in the company (with the total amount of shares to be determined based on the volume-weighted average price of MTG's class B shares on Nasdaq Stockholm during the period 12 April – 10 May 2023, as set out above) and to set-off in aggregate SEK 347,257,200 of their due receivables under the vendor loan notes against the company as payment for the debt arising from such share subscription as set out above.

The board of directors believes that the above set-off is beneficial to the company and its creditors.

Stockholm, 25 April 2023

MODERN TIMES GROUP MTG AB

THE BOARD



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 set-off

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 a set-off dated 25 April 2023.

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 set-off on the basis of our examination. We conducted our examination in accordance with FAR's standard RevR 9 *The auditor's other opinions in accordance with the Swedish Companies Act and the Swedish Companies Regulation*. This standard 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 International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 Board of Director's preparation of the statement 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 and 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 Board of Directors' statement was prepared in accordance with Chapter 13, section 7 of The Swedish Companies Act and the right of set-off applies to valid claims.

Other information

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

Stockholm, 25 April 2023

KPMG AB

Helena Nilsson
Authorized Public Accountant