



MTG proposes a SEK 2,767 million extraordinary cash distribution to its shareholders and a simplified corporate structure through a minority share exchange

STOCKHOLM — Modern Times Group MTG AB (publ) (“MTG”) today announced that its Board of Directors will propose an extraordinary cash distribution of SEK 25.00 per share, equivalent to SEK 2,767m in aggregate, through a share redemption program. The Board of Directors also intends to continue repurchasing shares after the 2022 AGM.

The Board will also propose to the 2022 AGM to resolve on an exchange of the shares held by InnoGames’ founders’ in MTG Gaming AB* for newly issued Class B shares in MTG.

Returning value to shareholders

This share redemption proposal is part of the Group’s promise to distribute at least 40% of the net proceeds from the ESL divestment to MTG’s shareholders. The proposal stipulates an extraordinary cash distribution of SEK 25 per share of Class A and B, in total of SEK 2,767 million, through a share redemption plan following the AGM in June 2022.

The Board of Directors will also propose a continued share buyback program for 2022.

Following the share redemption plan, MTG will pay SEK 154.8 million as compensation for paid value transfers to the sellers of PlaySimple, in connection with the completion of the second step of the PlaySimple transaction (which is still subject to regulatory approval) and in accordance with the agreement entered into in connection with its acquisition of PlaySimple in July 2021, which you can find [here](#).

The minority share exchange

MTG owns 79 percent of the shares in MTG Gaming. The remaining shares are held by EHM Holding GmbH, which is owned by Hendrik Klindworth, Eike Klindworth and Michael Zillmer, the founders of InnoGames. After the completion of the share exchange process, the owners of EHM Holding would together be the largest shareholder of MTG. The shares owned by EHM Holdings will be subject to a three-year staggered lock-up, with one third of the shares becoming available for trading after a 12-month period, and the remaining two thirds after 24 and 36 months, respectively

The share exchange process will be neutral for MTG’s current shareholders from an EPS perspective. An exchange of shares would result in a simpler and more transparent corporate structure for MTG and support the group’s future growth as a pure-play gaming company. EHM’s ownership share in MTG will depend on the volume weighted average share price for the period between May 9 and June 3, 2022, and will be between 14.2 percent (based on a share price of SEK 114) and 16.9 percent (based on a share price of SEK 167). The volume weighted average share price for the 20-day period up to May 9, 2022 was SEK 115.28.

The share exchange requires the approval of at least 90 percent of both the votes cast and the shares represented at the 2022 AGM. If approved by the AGM, the share exchange would take place after the record date for the share split in the share redemption plan that MTG is also proposing to the AGM, which is expected to occur around 15 June 2022.

The proposal regarding the share exchange will be supported by a Fairness Opinion from EY. This Fairness Opinion will be made available to MTG's shareholders prior to the 2022 AGM.

MTG's Group President and CEO Maria Redin comments:

"MTG is committed to creating both long- and short-term value for our shareholders and the Board's proposals to the AGM clearly demonstrate our ability to deliver on those promises. Following the successful divestment of ESL Gaming we are now making sure that the group has an efficient and transparent corporate structure, which benefits our shareholders and business growth. The proposals also clearly demonstrate our long-term commitment to building value together with, and for, the founders and entrepreneurs who make up our gaming companies."

The full details of the share exchange and share redemption proposals can be found in MTG's notice to the 2022 AGM, which will be published today, 9 May 2022.

** MTG Gaming is a holding company that owns the group's entire international gaming business. The company was founded in December 2020, when the group acquired an additional 17% in the leading German games developer and publisher InnoGames. The purpose of the company was to simplify MTG's corporate structure at the time and facilitate the creation of its gaming vertical.*

For more information:

Anton Gourman, VP Communications and IR
Direct: +46 73 661 8488, anton.gourman@mtg.com

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About MTG

MTG (Modern Times Group MTG AB (publ.)) (www.mtg.com) is an international mobile gaming group that owns and operates gaming studios with popular global IPs across a wide range of casual and mid-core genres. The group is focused on accelerating portfolio company growth and supporting founders and entrepreneurs. MTG is an active driver of gaming industry consolidation and a strategic acquirer of gaming companies around the world. We are born in Sweden but have an international culture and global footprint. Our shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB').