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## THE CEO LETTER

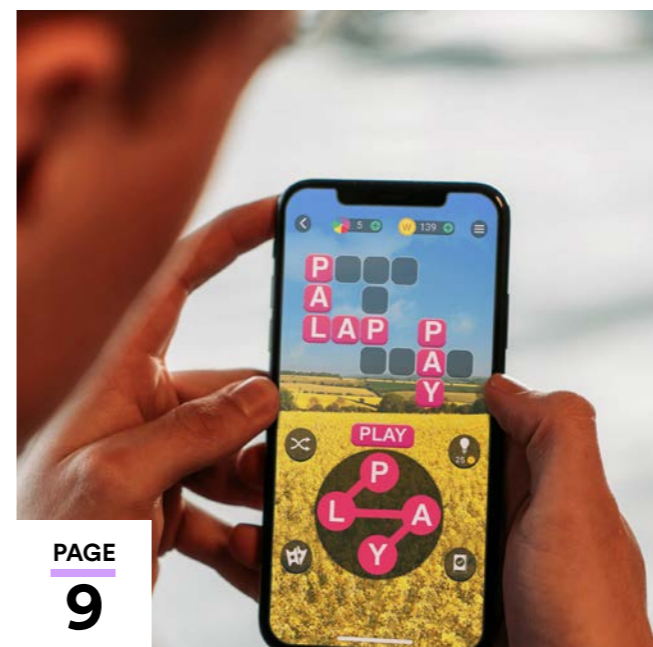
CEO Maria Redin looks back at a year of growth in a changing landscape.



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## BUSINESS OPERATIONS

In 2022 MTG consisted of five international gaming studios. These are responsible for developing, launching, marketing and operating the games that make up our portfolio.



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## GAMING HIGHLIGHTS

During 2022 MTG's studios were focused on driving growth in their games through live-ops and content updates, as well as by scaling and launching new titles.



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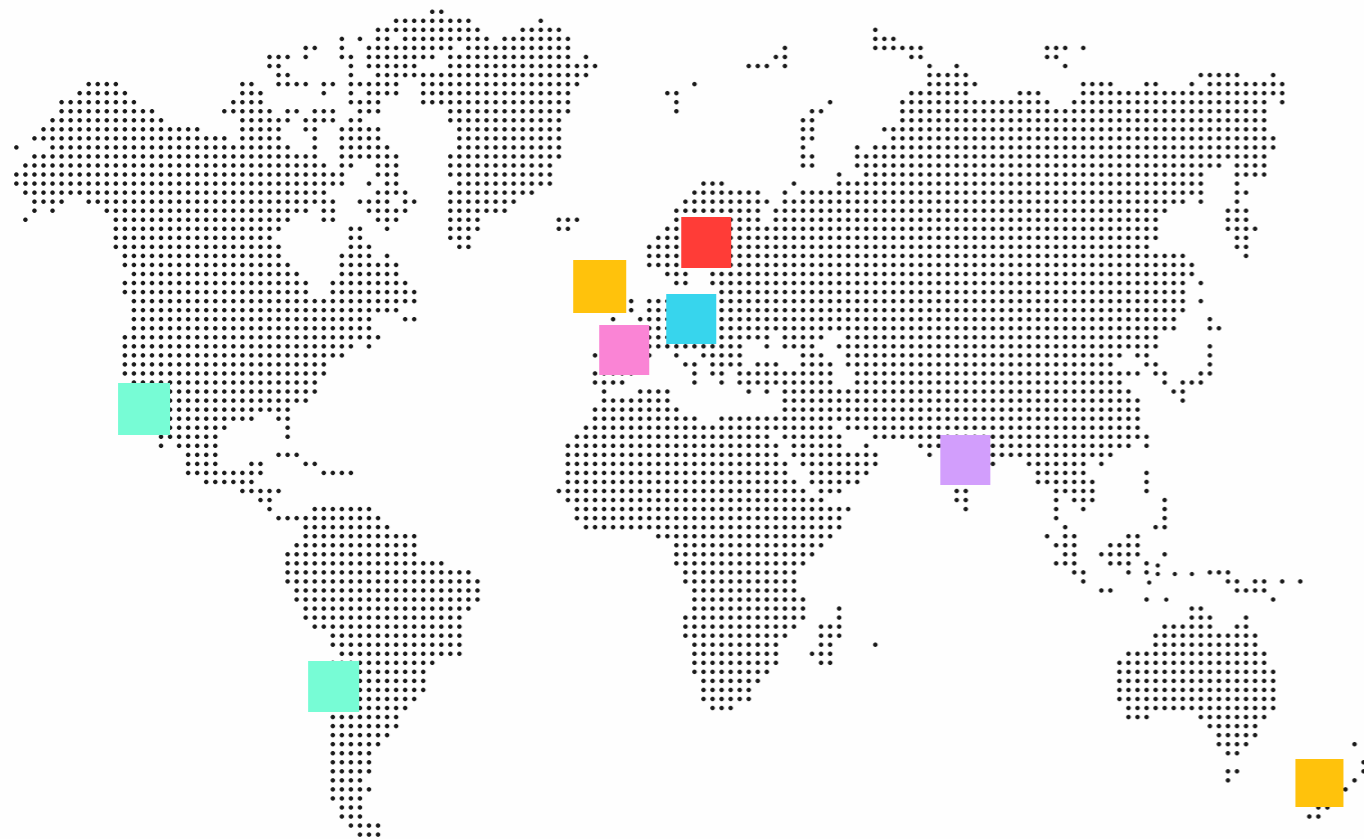
## OUR STRATEGY

The divestment of ESL Gaming to Savvy Gaming Group in April 2022 helped MTG embrace and deliver a clear vision and strategy that is primarily focused on free-to-play mobile gaming.



# WHAT IS MTG TODAY?

MTG is a mobile gaming group that owns and operates studios with popular IPs across a wide range of casual and mid-core genres. Our HQ is in Sweden but we have an international culture and global footprint. Our shares are listed on Nasdaq Stockholm.



**32.86**

MAU – Monthly Active Users, millions

**5,537**

Group sales, SEKm

**1,373**

Group adjusted EBITDA, SEKm

## InnoGames

- Number of live games: 10
- Revenue mix: 96% (IAP), 4% (IAA)
- Number of employees: 421

## ninjakiwi

- Number of live games: 9
- Revenue mix: 40% (IAP), 4% (IAA), 56% (other)
- Number of employees: 86

## KONGREGATE

- Number of live games: 25
- Revenue mix: 68% (IAP), 24% (IAA), 7% (other)
- Number of employees: 112

### NOTE TO READERS

On January 24, 2022, MTG announced that it had signed an agreement to divest ESL Gaming to Savvy Gaming Group (SGG). The transaction was completed on 21 April 2022 and MTG became a pure-play gaming company. The information in this report therefore reflects MTG’s operations and strategy as a “pure-play” mobile-first gaming group.

MTG’s goal is to grow by accelerating portfolio company development and supporting entrepreneurs in gaming. The group is predominantly focused on mobile gaming, but some of our games are also available as browser versions, as well as on third party platforms like Steam. In 2022, MTG’s gaming portfolio was made up of five gaming studios across the world: InnoGames, Hutch, Ninja Kiwi, PlaySimple and Kongregate.

The group’s companies offer a wide range of games available to audiences all over the world. MTG’s portfolio of IP spans across both the casual and mid-core segments of the gaming market. A vast majority of our games are available to consumers on a free-to-play (F2P) basis, and we primarily generate revenues from in-app purchases and in-app advertising.

Some of our most well-recognized free-to-play games are Bloons TD6, F1 Clash, Top Drives, Forge of Empires, Rise of Cultures, Bloons TD Battles 2, Crossword Jam, Word Trip and Animation Throwdown. We have also begun to explore blockchain and NFT gaming through Kongregate’s increased focus on Web3.

## Hutch

- Number of live games: 4
- Revenue mix: 93% (IAP), 7% (IAA)
- Number of employees: 161

## PLAYSIMPLE

- Number of live games: 6
- Revenue mix: 22% (IAP), 68% (IAA), 10% (other)
- Number of employees: 289



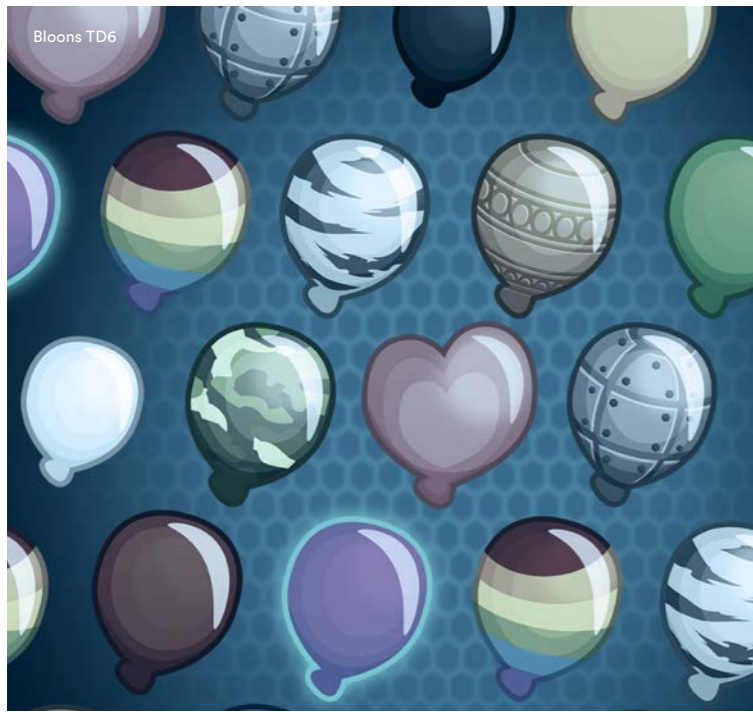
Sunrise Village

We want to accelerate growth by empowering our companies to share knowledge and best practice with each other, as well as through the Flow Platform. This is a common layer of technology, skills and processes we are building across the group, with a focus on the areas of Business Intelligence, Marketing and User Acquisition, Ad Monetization and Cross Promotion.

We want MTG to be a place where people can advance their careers on five continents and access opportunities around the world. A global gaming village where games and game makers can thrive and progress. And a group that generates long term value for our shareholders through consistent long term profitable growth.

\*In app purchase (IAP), In app advertisement (IAA).





# AN EXCITING YEAR OF GROWTH AND EXECUTION

## Delivering profitable growth in a challenging market

MTG achieved 5 percent pro forma sales growth for the full year, demonstrating the diversity and strength of our gaming studios and IP portfolio. Our adjusted EBITDA margin for the full year was 25 percent, which was higher than the 23.5 percent we had estimated, thanks to our strict focus on healthy levels of return on UA spend.

## Major strategic divestment lays the ground for pure-play gaming focus



In April 2022, MTG divested ESL Gaming to Savvy Gaming Group (SGG), generating net proceeds of SEK 8.3 billion. SGG also acquired FACEIT and merged the two companies to create the leading global platform for competitive gaming – ESL FACEIT Group. Thanks to this successful transaction, MTG delivered significant shareholder returns during 2022 and entered 2023 with a strong balance sheet. The transformative deal also allowed MTG to reposition itself as a strong player in the mobile gaming industry.

## Executing on our strategy as a gaming group

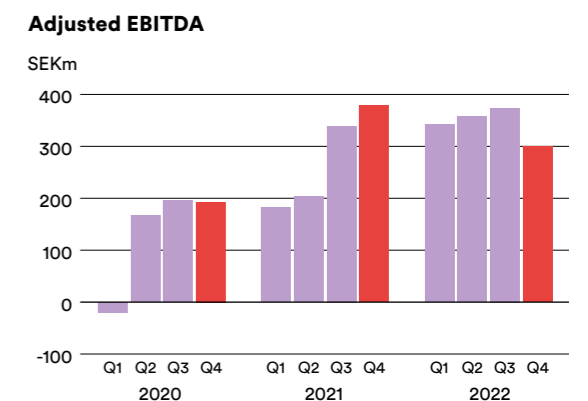
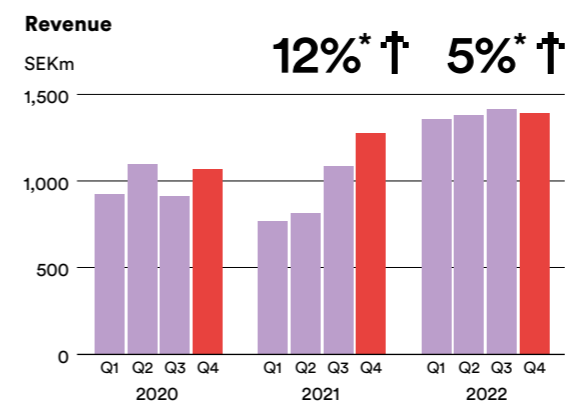


In order to become a leader in mobile gaming, we have focused on and built out our vision and strategy as a pure-play gaming group. We plan to increase our relevance through a combination of organic growth, an evolved operating model, accelerated initiatives delivered by the common layer we call the Flow Platform, and accretive M&A.

## Delivering shareholder returns

MTG has implemented various initiatives to create value for shareholders. At the AGM held in June, the shareholders approved an extraordinary cash value transfer, offering a share redemption program that entitled shareholders to redeem their shares at SEK 25.00 per share. In addition, the Board launched a share repurchase program that ran from April to June, and a second one that ran between June and August. MTG then launched a third, (and at the time of writing) ongoing share buy-back program, that will run until the 2023 AGM. These initiatives have enabled us to distribute nearly SEK 4 billion in total to our shareholders.

**4**  
SEKbn return



\* Full year pro forma growth (Pro forma as if all acquisitions have always been a part of the MTG).



# LETTER FROM THE CEO

**DEAR STAKEHOLDERS,**

I feel that it's not an exaggeration to say that we came a long way in 2022 towards shaping MTG into the successful gaming group we want it to be. Whilst we are proud of many of our achievements in the year, our main event is undoubtedly our divestment of ESL Gaming to Savvy Gaming Group. It was a transformative deal that enabled us to sharpen our focus and embrace our future as a pure-play gaming group. It also helped us play a major part in redefining the esports industry almost overnight. And as a result, we returned close to SEK 4 billion to shareholders through a share redemption program, as well as three separate share buyback programs during 2022 and 2023.

We ended the year with a strong balance sheet, which provides us with critically important firepower for future M&A. Operationally, we had a very strong year. MTG outperformed the overall gaming and delivered 5 percent pro forma growth for the year with a 25 percent adjusted EBITDA margin. At the same time, the IAP market declined in 2022 for the first time ever. Data pointed towards a nearly 10% decline, due to a mix of factors which included the ongoing effects of IDFA, the post-covid environment for gaming as well as macro-economic factors.

The biggest driver of our growth and market outperformance was PlaySimple, as the studio more than doubled its revenues during 2022. This reflected the continued strength of their popular games, supported by their proven ad tech capabilities. As a result, PlaySimple surpassed InnoGames as the largest of our studios in terms of revenues for the full year. Ninja Kiwi continued to deliver significant growth, on the back of ongoing updates of Bloons TD 6, a price increase in Q3 as well as growing revenues from third-party platforms.

This growth was offset by slightly lower year on year revenues from InnoGames and flat revenues in Hutch. This performance primarily reflected the challenging marketing environment for mid-core games, the contin-

ued adverse effects of IDFA and the ongoing return to a post-pandemic society. Both studios have continued to focus on a healthy mix of significant content updates and live-ops. Hutch in particular, saw positive momentum from their two major titles in the second half of the year after major updates and to both games. Kongregate continued to explore blockchain gaming during the year and made significant progress by launching three new NFT-powered titles.

**INTRODUCING THE WORLD TO THE MTG GAMING VILLAGE**

The ESL transaction closed successfully in April, which left MTG ready to continue shaping the future of entertainment as a pure-play mobile gaming group. As a result

**“We have come a long way towards shaping MTG into the successful gaming group we want it to be.”**

of the group's most recent acquisitions of Ninja Kiwi and PlaySimple in 2021 and Hutch in 2020, our gaming vertical is diversified and ready for further growth. We now have five successful gaming studios generating a healthy mix of advertising and in-app purchase revenues. Our portfolio also included multiple evergreen IP's, with successful games in both the casual and mid-core range of the spectrum. And last, but not least, we have access to some of the best professional teams in the industry, who all bring diverse and relevant skills to the table. In June 2022, we therefore introduced our stakeholders to a new MTG – the Gaming Village. A global community where gaming entrepreneurs and companies can find a home, thrive, and accelerate their evolution and growth

**LAUNCHING THE FLOW PLATFORM**

Our first step as a gaming village was to create a common layer where core skills, technologies and processes around the

promotion and monetization of games, can benefit all our group companies. We call it the Flow Platform, and it is a key part of our future growth strategy, which will help us create value by finding and realizing synergies across our gaming studios. This will also help us mitigate the effects of an adverse marketing climate and enable us to make MTG an attractive home for new gaming studios and entrepreneurs.

Today, the Flow Platform has four pillars – Business Intelligence, User Acquisition, Ad Tech and Cross Promotion. Our priority was to make good progress on the first two pillars during 2022, and we did. Our first step was to appoint Christian Pern as CMO of MTG. Christian was previously the CMO of InnoGames and he rapidly built a central

marketing team with both internal and external talent. Next, the marketing team established a shared Business Intelligence framework for all our companies. This helps us make sure that we make data-driven decisions and have better resource allocation. The team then elevated the digital marketing tools developed at InnoGames to the cloud, so that all our companies can access them as and when needed.

The Flow Platform will continue evolving in 2023 and beyond. We have already begun investing in our ad tech capabilities and our studios are doing early trials around cross-promotion between our games.

**WE ARE WELL SET TO CREATE LONG-TERM GROWTH**

The group is well-positioned to execute during a potentially challenging year from a wider gaming market standpoint. We have a clear vision for the future and a well-defined strategy for how we can grow while creating shareholder value.



We will drive organic growth by evolving our popular games to attract and retain players through best-in-class live-ops and ongoing content updates. Our studios have extensive experience in running and growing games over long periods of time. Forge of Empires celebrated 10 successful years in 2022, while Top Drives is now entering its sixth year as a live game which uses a premium global IP to attract players. And the Bloons IP, which was first introduced in 2007, is going stronger than ever with Bloons TD6 being the main flagship title today. Our games will be supported by some of the industry's best business intelligence, marketing, and ad tech capabilities. Our gaming studios will also continue to launch new games in existing and new IP's to ensure that our gaming portfolio remains healthy.

We will also accelerate our growth through strategic initiatives across the group. We have already come a long way with the Flow Platform when it comes to our BI and marketing, as I mentioned

above. Our next steps will be to extend the market leading ad tech capabilities of PlaySimple to all of our studios. This will help us continue to diversify our revenue streams over time. We have also started exploring cross-promotion opportunities within the group. This offers us significant potential for future incremental growth and a more efficient cost base.

And we will continue to pursue growth through incremental M&A. We entered 2023 with a strong balance sheet and healthy cash generation capabilities. Our ambition is to continue to be an active driver of gaming industry consolidation. We are exploring both scale and smaller opportunities and look forward to sharing more exciting news when the time is right.

Even though market visibility is limited in the short term, we believe that our industry will continue to benefit from positive long-term social and technological trends. We have a diverse and driven global team, and each of our gaming studios bring unique

expertise and skills to our gaming village. All of this is supported by a strong entrepreneurial culture, designed to bring our people together, while still empowering our gaming studios to retain their unique personas and approaches.

In the end, we are here to bring players all over the world fun and engaging games. I want to say a big thank you to every person who chooses to play our games. We greatly value your time, attention, and the money you choose to spend on our IPs. I also want to thank our employees. They make the magic happen and ensure that our game titles remain vibrant, relevant, and competitive. And last but not least, I want to thank our shareholders for their continued support on our journey to become one of the leading mobile gaming groups in the world.

**MARIA REDIN,  
CEO AND PRESIDENT OF  
MODERN TIMES GROUP**

# BUSINESS OPERATIONS

Following the divestment of ESL Gaming in April 2022, MTG is a pure-play gaming company and does not separate its operations into business segments. ESL gaming and the businesses that previously made up the Esports vertical are reported as discontinued operations in this Annual Report.

During 2022, MTG’s “gaming village” comprised five international gaming studios. These studios are responsible for developing, launching, marketing and operating the games that make up MTG’s portfolio. MTG is also implementing a strategic common layer called the “Flow Platform”. This layer is focused on providing our companies with technology, skills and tools focused on four pillars: Business Intelligence, live-ops, Ad monetization and Cross-Promotion.

MTG’s gaming studios - InnoGames, Hutch, Ninja Kiwi, PlaySimple, and Kongregate - are behind popular global IPs across a range of casual and mid-core genres.

MTG made its first investment in InnoGames in 2016. The studio is a leading developer and publisher of mobile and online games. The company is based in Hamburg, Germany. It’s best known and largest game is the strategy and city building game Forge of Empires. The studio’s other key titles include Rise of Cultures, Sunrise Village, Elvenar and Tribal Wars. InnoGames offers their games on a free-to-play basis to players around the world.

Hutch was acquired in 2020 and is a leading London-based developer and publisher of free-to-play games focused on cars and racing. The company’s top titles, F1® Clash and Top Drives, attract car and racing enthusiasts from around the world. Hutch also expects to launch several new racing-themed games during 2023.

Ninja Kiwi was acquired in 2021 and is a leading developer and publisher of mobile games based in New Zealand. The studio’s flagship title is Bloons TD6, one of the world’s most popular tower defense games. Ninja Kiwi is also focused on growing the PVP title Bloons TD Battles 2 and has several well-established but still popular titles in its portfolio, including the game SAS: Zombie Assault 4.

PlaySimple is a rapidly growing mobile gaming studio focused on casual mobile games in the free-to-play segment. The studio is based in Bangalore, India and MTG acquired it in 2021. PlaySimple’s largest game titles include the popular Daily Themed Crossword, Word Trip and Word Search. The studio primarily focuses on monetizing its games through in-game advertising and is the main source of MTG’s in-app advertising (IAA) revenues.

Kongregate saw its first investment from MTG in 2017, and is a mobile game publisher and developer based in San Francisco, USA. It is a recognized innovator in breakout genres like collectible card games and idle games. Kongregate’s mobile games have been downloaded hundreds of millions of times and have generated billions of game sessions. The company is now primarily focused on NFT games and exploring the potential for fun blockchain-driven player experiences.

# 2022 GAMING HIGHLIGHTS

In January 2022, InnoGames had the worldwide commercial launch of Rise of Cultures, a mobile-first city builder. The exploration and simulation title Sunrise Village followed for iOS and Android in February. Both titles have since been updated and have hosted several in-game seasonal events. Forge of Empires, celebrated its tenth anniversary, remaining a hit for the company. InnoGames also made senior internal promotions, naming Felix Janzen as Chief Marketing Officer and appointing Michael Lenz as InnoGames’ first Chief Analytics Officer. InnoGames’ main game titles include Rise of Cultures, Forge of Empires and Sunrise Village, which are included in MTG’s Strategy and Simulation franchise. Revenues for the franchise declined 6 percent year on year at constant currencies.

Hutch has two main game titles, F1 Clash and Top Drives. Top Drives celebrated 5 years in August, with a major World Expo in-game update and several additional in-game events. A significant visual upgrade to the game was released in March with improvements made to graphical fidelity, detail and more. The company also marked 3 years of F1® Clash and launched a series of in-game updates and improvements as part of the game’s 2022 Season launch in May, both of which are part of MTG’s Racing franchise. Revenues for the Racing franchise remained flat year on year at constant currencies.

Ninja Kiwi launched several major updates and improvements for the flagship title Bloons TD6 this year, including new heroes, items and gameplay mechanics. The spin-off series Bloons TD Battles 2 has also received significant updates to its gameplay and content, with more to come in 2023. Ninja Kiwi is monitoring, evolving and improving the player experience after every game launch, keeping players engaged long-term. The Bloons games are part of MTG’s Tower defense franchise, which saw an increase in revenue by 4 percent year on year at constant currencies, mainly driven by growing revenues from third-party platforms, showcasing the strength of the franchise’s player community and its reliance on organic growth strategies.

Playsimple had a healthy portfolio of titles supported by several content updates and live-ops. Daily Themed Crossword, Word Trip, Word Jam and Word Wars are part of The Word Games franchise, which saw an increase in revenues by 36 percent year on year at constant currencies. Word Trip and Crossword Jam peaked at #1 on the Word Game charts on Google Play USA in December. In addition, the Word Games franchise reached a new all-time high level of daily active users in December. At the end of 2022, the Word Games franchise was the largest franchise, highlighting the immense success of these mobile games in the market. Playsimple has exciting plans for 2023, with several new innovative gaming releases in the pipeline.

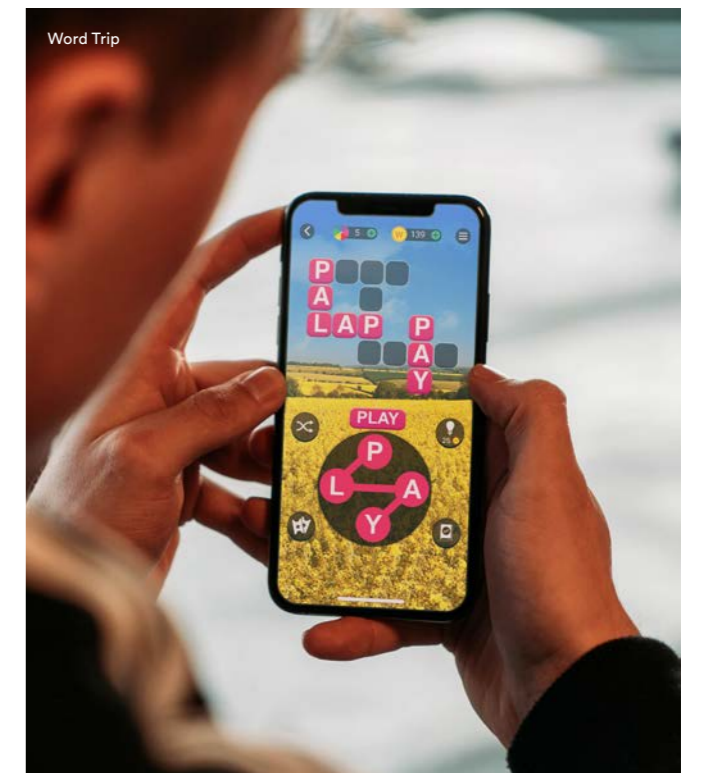
Kongregate accelerated its strategy as an NFT gaming pioneer and launched The Bitverse, a collection of Web3 games set in an 8-Bit metaverse. The Bitverse expanded in November with NFT functionality for Bit Heroes Quest, followed by the release of Bit Heroes Arena and Bit Heroes Runner. In May, the company announced a \$40 million Blockchain Developer Fund together with Immutable X. In July, the company acquired Chilean studio Gamaga, expanding on a well-established close relationship with an NFT and blockchain gaming partner.

## REVENUE GENERATED BY FRANCHISES

Group (SEK million)	2022	2021
Strategy & Simulation	1,710	1,727
Word Games	2,015	609
Tower Defense	510	270
Racing	683	647
Other smaller franchises	619	678
<b>Total revenue</b>	<b>5,537</b>	<b>3,931</b>

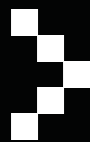


Forge of Empires    Top Drives    Bloons TD6    PlaySimple    Animation Throwdown





# MTG – BUILDING THE BEST HOME FOR GAME MAKERS AND ENTREPRENEURS



## MTG'S VISION

OUR VISION IS TO BECOME A GLOBAL GAMING VILLAGE THAT ENABLES GAMING COMPANIES AND ENTREPRENEURS TO THRIVE AND COME TOGETHER TO BRING PLAYERS AROUND THE WORLD A WIDE RANGE OF POPULAR GAME FRANCHISES.



## MTG'S MISSION

OUR MISSION IS TO OFFER PLAYERS AROUND THE WORLD GAMES THEY LOVE TO PLAY. WE WANT TO BUILD AND NURTURE STRONG GAMING IPS WITH CONSTANTLY EVOLVING CONTENT AND FEATURES THAT APPEAL TO PLAYERS OVER LONG PERIODS OF TIME.



## MTG'S STRATEGY

WE WANT TO BE ONE OF THE LEADERS IN MOBILE GAMING AND WE WILL ACHIEVE THIS BY INCREASING OUR RELEVANCE. WE'LL DO THIS BY GROWING OUR SCALE THROUGH A MIX OF ORGANIC GROWTH, THE ACCELERATION INITIATIVES DELIVERED BY THE COMMON LAYER WE CALL THE FLOW PLATFORM, AND ACCRETIVE M&A.

“Each of our gaming studios bring unique expertise and skills to our gaming village. This is supported by platform with a strong entrepreneurial culture, designed to bring our people together, while still empowering our gaming studios to retain their unique identity and culture.”

MARIA REDIN  
GROUP PRESIDENT AND CEO



# ON A MISSION TO BUILD THE ULTIMATE HOME FOR GAME MAKERS AND ENTREPRENEURS

❏ We are proud to be an international Gaming Village where entrepreneurs can come together and accelerate their growth by accessing the technologies, skills and expertise they need to succeed.

The mobile gaming market is supported by favorable social, technological and demographic tailwinds. Today, there are 2.7 billion mobile gamers worldwide, according to market research company Newzoo. That number is expected to grow to 3 billion by the end of 2025. Newzoo also expects the mobile gaming industry revenues to have a CAGR of over 3% between 2020 and 2025. MTG is in a great position to capture parts of this growth, thanks to a strong games portfolio that appeals to both casual and more engaged players.

#### OUR STRATEGY

In 2022 we sold our esports business and refocused MTG to be a pure-play gaming group. The divestment of ESL Gaming to Savvy Gaming Group was completed in April and helped MTG embrace and deliver a clear vision, strategy and business model that is now primarily focused on free-to-play mobile gaming.

We want to be one of the leaders in mobile gaming and we will achieve this by increasing our relevance and scale. We'll do this through a mix of organic growth, the acceleration initiatives delivered by the common layer we call the Flow Platform, and accretive M&A.

Our vision is to become a global Gaming Village that helps game studios and entrepreneurs thrive and come together to bring players around the world a wide range of

popular game franchises. We want to enable game makers to access a competitive ecosystem of tools, skills, and information that can help them drive their businesses. As a result, our companies will be able to accelerate their growth without compromising their unique culture and vision. Or to put it simply – our dream is that people who make games love being part of MTG's Gaming Village and continue to make and market great IPs that players love.



Bloons TD6

#### Our four strategic pillars:

- 1. Drive growth:** Offer players around the world a wide range of popular game franchises and continue to evolve our portfolio of quality, evergreen IPs through a mix of live-ops, continuous content updates and in-game advertising. We will also develop and launch new games to continuously expand our portfolio over time.
- 2. Operationalize the Flow Platform:** Continue to develop and build out the Flow Platform, a common layer of shared knowledge, skills and tools made available to all the companies in our portfolio.
- 3. Focus on culture and people:** Enable our gaming entrepreneurs to thrive by offering them a vibrant ecosystem and know-how within MTG, while preserving the unique culture and feel of each of our gaming studios.
- 4. Scale through M&A:** Scale the group through highly selective and accretive major M&A on a group level, as well as smaller scale, targeted M&A on a studio level.





## OUR FOUR STRATEGIC PILLARS

### 1. DRIVING ORGANIC GROWTH THROUGH LIVE-OPS, CONTENT UPDATES AND NEW GAME LAUNCHES

MTG’s gaming studios offer players a wide variety of titles that cover a broad spectrum of game genres in casual and mid-core segments of the market. The lifecycle of mobile games typically spans multiple years and it is not uncommon for games to be live for longer than five, and some times over ten years. Our largest title, Forge of Empires, celebrated its tenth anniversary in 2022 and we have multiple successful titles that have been around for five years or longer.

Our strategy is to prioritise multi-year, or ‘evergreen’ gaming IPs and titles, which can retain and engage players on an ongoing basis. At the same time, we apply stringent evaluation criteria to each of our games. Our key performance indicators include data points like return on advertising spend (ROAS), daily and monthly active users, player retention rates over specific time periods and more.

To extend the lifetime of our successful gaming titles, our studios are focused on two primary strategies – ongoing content updates and live-ops:

- Content updates** – each of our live games periodically receives minor and major content updates that evolve the gameplay and that are designed to provide players with better, deeper and more engaging experiences. These updates can range from smaller balance tweaks to major reconfigurations of a game’s economy, to significant content updates that provide players with large amounts of new content to explore.

- Live-ops** – All of our live titles are also supported by live-ops initiatives. These represent a range of new and recurring events that players can encounter within our games. Each event offers players to engage with a key element of the gameplay and also serves as major and minor opportunities for in-game purchases (IAP).

MTG’s studios are also focused on launching new games to expand our portfolio over time. Our goal is to make sure that we have a healthy mix of games in terms of life cycle at any given moment. New titles can range from being part of, or adjacent to existing IP or franchises, to totally new gaming experiences developed by the studios. Once launched, the performance of the new titles is closely monitored and

each title is supported by live-ops and content updates during its life cycle.

#### IN-GAME ADVERTISING

Our Indian studio, PlaySimple, operates a highly successful casual games portfolio focused primarily on word games. Today, the studio primarily monetizes its games through in-app advertising (IAA). PlaySimple is also focused on cross-promoting its games to relevant players, which helps drive down the studio’s and the group’s user acquisition costs. While PlaySimple is the primary driver of MTG’s ad revenues, many of our other gaming studios, including Kongregate, Hutch and InnoGames, offer advertising as an option for in-game progression for players who do not want to buy digital products.

#### COMMUNITY

MTG’s games attract passionate player communities across the world. Our studios actively nurture and engage these communities, across a wide range of digital platforms. This engagement can range from deep strategies focusing on streamers and other content creators, to maintaining both proprietary and public forums where players can engage with our brands and IPs. This generates significant brand awareness and affinity for our games, which translates to lower user acquisition and retention costs over time.





## 2. THE FLOW PLATFORM

The Flow Platform is our central strategic initiative to help our portfolio companies accelerate their growth. It is a common layer of shared knowledge, skills and tools made available to all the companies in our portfolio. The Flow Platform is a long-term project that is going to help our portfolio companies improve in four key areas:

1. Business Intelligence
2. User Acquisition
3. Ad Monetization
4. Cross-promotion

In 2022, we made significant progress. We promoted Christian Pern from Innogames to MTG, when he was appointed as the group's chief marketing officer in April. His first step was to establish a central marketing team with a mix of talent from InnoGames and outside the group. This approach allowed MTG to assemble a team with a unique combination of skills and perspectives, which has been instrumental in successfully deploying the Business Intelligence and User Acquisition elements of the Flow Platform. This will help MTG to allocate marketing resources and spending more effectively going forward.

In the second half of 2022, the central marketing team launched cloud versions of CAT and mAPI, the advanced user acquisition tools developed by InnoGames.

■ CAT, or the "Creative Administration Tool," helps marketing professionals store, search and access campaign content, request content from creative teams, and evaluate marketing campaign performance.



■ mAPI, or the "Marketing API," assists marketing teams in creating impactful campaigns and provides campaign automation. It also enables the group's companies to pull partner data directly through the API.



MTG's central marketing team has actively worked to onboard the group's gaming studios to both tools during 2022. As a result, all 5 gaming studios successfully joined the Group BI framework by the end of the year and data from all the studios is now accessible for reporting. The central marketing team has an active roadmap for 2023 and will continue to extend and deepen the group's marketing and BI initiatives.

The two remaining pillars of MTG's Flow Platform are still in the early stages of development. PlaySimple, which generates most of its revenues through advertising, has the technology and skills to support the group's companies in ad monetization and cross-promotion. MTG's portfolio companies have already started early collaboration around cross-promotion and ad technology. The group is keen to improve the cost-effectiveness of its in-game advertising and to explore the potential for cross-promotion between our games.



## 3. A FOCUS ON CULTURE AND PEOPLE

Our active work with corporate culture and human resources across the group forms an important part of our growth strategy. We believe that MTG's corporate culture and human resources work provides the group with a unique competitive edge in a competitive and people-driven industry like gaming.

Our goal is to consciously drive a group culture that lets each of our gaming studios retain the unique identity and local company culture that has helped them achieve success. At the same time, we want to embrace a shared cultural layer that helps all our colleagues to feel that they are part of a larger whole – the gaming village.

We recognise that balancing the preservation of local studio culture and driving a common culture that is focused on performance can be complicated. So in 2022 we worked actively to achieve that balance and created a brand new, group-wide role for a Director of People and Culture. Melanie Calu was recruited to fill this position and joined the group in the beginning of 2023. Melanie has extensive HR and People experience from leading tech and commerce businesses and has already started building a global HR and People-focused network across MTG.

## 4. SCALING THROUGH STRATEGIC M&A

MTG is well positioned to continue to grow and to generate shareholder value over the short, medium, and long term. While organic growth is the key value driver for MTG and our core focus, building the portfolio through M&A remains an important part of our strategy. We have a balanced and well-positioned portfolio of games, a team with deep and wide experience in all aspects of game development and promotion, and well-progressing central initiatives to support our portfolio companies' growth. Plus, we have a strong balance sheet to support future M&A as and when those opportunities arise.

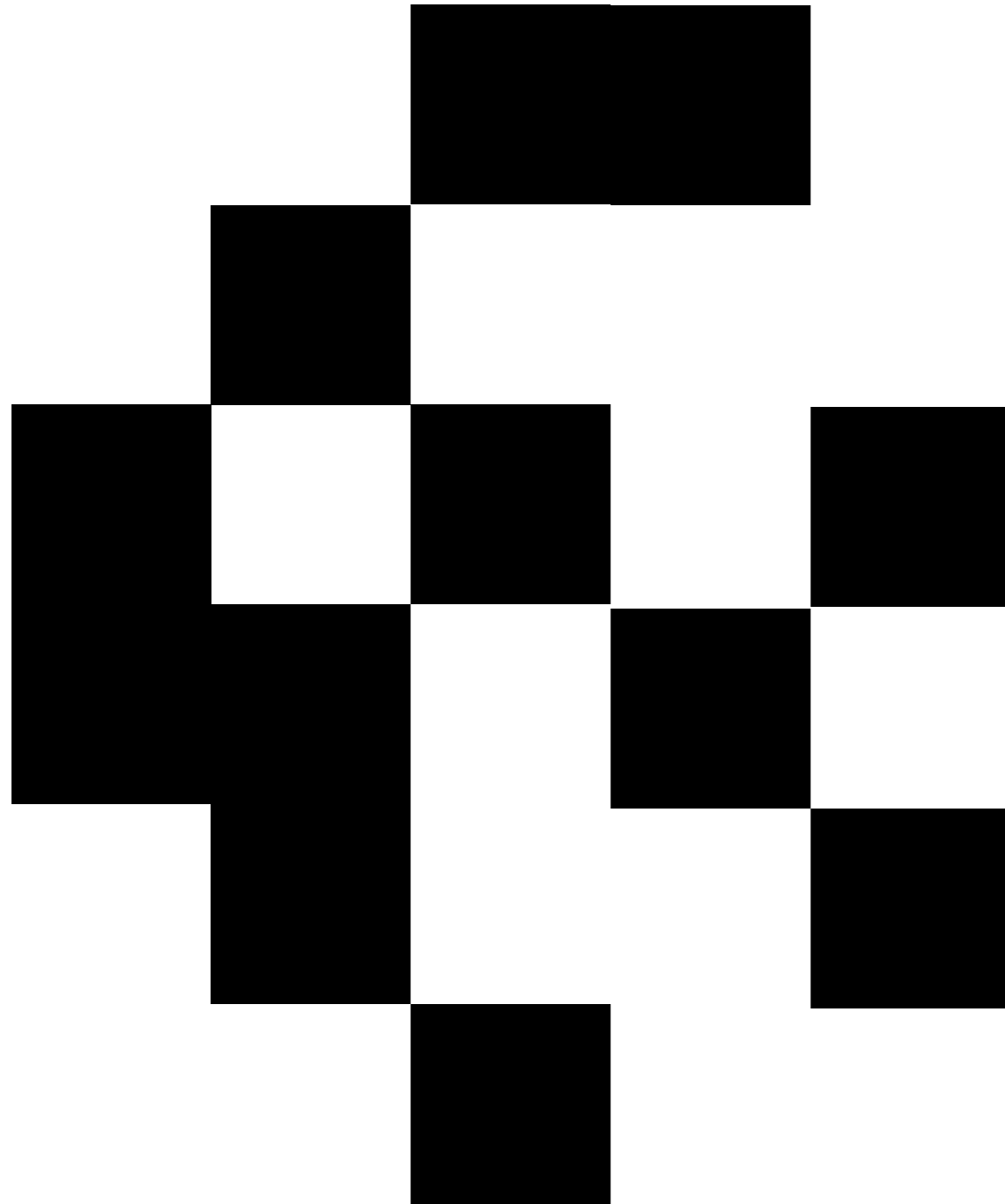
Activity in the M&A market slowed down in 2022 as inflation, rising rates and a looming recession have made it harder for both sellers and buyers. Despite the challenges in the M&A market, we are pleased to report that we expanded Kongregate through the acquisition of Chilean development studio Gamaga. The acquisition internalised an already well-established working relationship between the studios. Despite the slowdown in M&A activity, we remain committed to seeking strategic growth opportunities during 2023.

### We have four pillars guiding our M&A Strategy:

- 1. Strategic fit:** We seek to acquire gaming studios with a strong strategic fit with the rest of our portfolio, have distinguishable games, a long-term player fanbase, and franchise potential. This means that we look for companies with complementary strengths and capabilities, that can help us expand and enhance our existing offerings.
- 2. Strong financials:** We target companies with strong financials and a committed managerial team to ensure we can maximize growth potential and long-term success.
- 3. Cultural fit:** We want work with companies and entrepreneurs that align with our values and culture. This is to ensure we continue to operate with shared goals and vision while maintaining the integrity of our gaming communities.
- 4. Synergies:** We look for opportunities to create synergies across our portfolio to ensure we grow as a community of studios. By leveraging the strengths and expertise of each studio, we can build a network of companies that are stronger together than they would be on their own.



# OUR STUDIOS



# INNOGAMES

InnoGames is a German developer and publisher of mobile and browser games. The company is based in Hamburg and has approximately 400 employees. InnoGames is primarily focused on the Strategy and Simulation genre, which can be found in the mid-core part of the gaming market. The studio's largest titles include the iconic Forge of Empires, Elvenar and Tribal Wars. InnoGames is scaling the new games Rise of Cultures and Sunrise Village. The company's games are included in MTG's Strategy and Simulation franchise.

InnoGames has also laid the foundation for the Business Intelligence and user acquisition tools that now form the core of the common layer of skills and technology that MTG calls the Flow Platform. The studio primarily earns revenue through in-app purchases, but has recently introduced advertising into its games. InnoGames started its journey with browser games, but all games are now developed on a mobile-first basis.

## LEADERSHIP



Henrik Klindworth  
Co-Founder and CEO



Michael Zillmer  
Co-founder and COO



Eike Klindworth  
Co-Founder



Felix Janzen  
Chief Marketing Officer



Christian Reshöft  
Chief Product Officer



Michael Lenz  
Chief Analytics Officer

## KEY GAMES



## Stats

- Hamburg, Germany
- Founded in 2007
- Part of MTG since 2016
- Strategy & Simulation games
- 2 Games in development
- 1.6m Daily Active Users\*

\*FY 2022 in terms of IAP revenues.





# HUTCH

Hutch is a leading developer and publisher of free-to-play mobile racing games based in London, with over 150 employees. Hutch has access to world-class IP licenses and the studio's focus is on bringing strategy and skill to its innovative car-themed games while engaging player communities on the mobile gaming market. Hutch is responsible for MTG's Racing franchise, with their top titles, F1® Clash and Top Drives. The titles have significant growth potential, and the company's overall game portfolio has generated over 300 million downloads since its inception.

Hutch has committed to finding a good work-life balance for its employees. As a result, the company has implemented a 4-day work week to improve its overall health.

## LEADERSHIP



Shaun Rutland  
Co-Founder and CEO



Peter Hansen-Chambers  
CFO



Andy Watson  
COO



Jonathan Alpine  
Chief Creative Officer



James Levick  
Chief Technology Officer



Tim Mannville  
Chief Product Officer

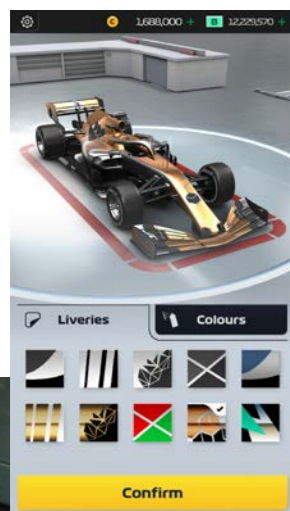
## KEY GAMES



## Stats

- London, United Kingdom
- Founded in 2011
- Part of MTG since 2020
- Racing games  
3 Games in development  
0.6m Daily Active Users\*

\*FY 2022 in terms of IAP revenues.



# NINJA KIWI

Ninja Kiwi is a leading tower defense mobile games developer and publisher based in New Zealand and Scotland, with over 80 employees. The company developed and launched one of the first successful tower defense games in 2007: Bloons TD. Today the Bloons IP includes some of the most popular paid apps on both the Google Play Store and the Apple App Store, and one of the top-100 rated games on Steam, and a regular feature for popular streamers on YouTube and Twitch.

Today, Bloons is an IP with a number of successful titles existing within the Bloons universe for mobile and PC. Ninja Kiwi is part of MTG's Tower Defense franchise.

## LEADERSHIP



Chris Harris  
Co-Founder and Co-CEO



Stephen Harris  
Co-Founder and CCO



Scott Walker  
Partner and Co-CEO



Lizette van der Westhuizen  
CFO

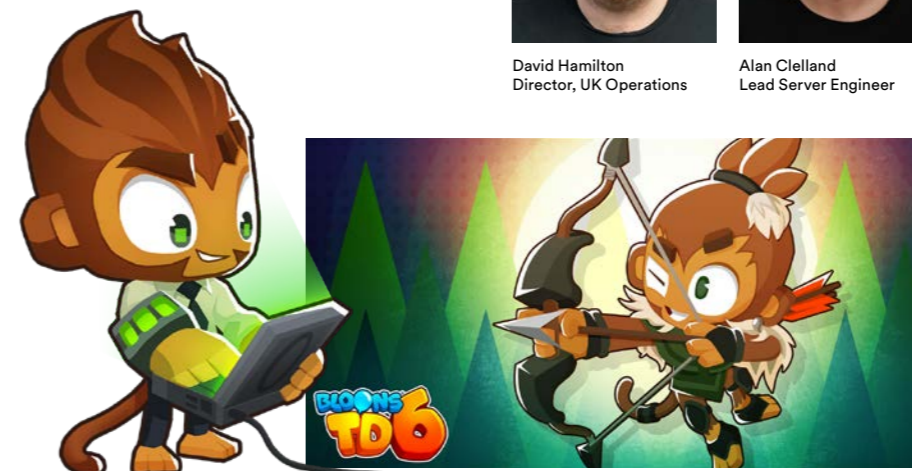


David Hamilton  
Director, UK Operations



Alan Clelland  
Lead Server Engineer

## KEY GAMES



## Stats

- Auckland, New Zealand, Dundee, Scotland
- Founded in 2006
- Part of MTG since 2021
- Tower defense games  
3 Games in development  
1.1m Daily Active Users\*

\*FY 2022 in terms of IAP revenues.





# PLAYSIMPLE

PlaySimple is a global leader in the free-to-play mobile word games market-based in Bangalore, with over 250 employees. The company has built a worldwide network of chart-topping games, including evergreen hits like Daily Themed Crossword, Word Trip, Word Jam, and Word Wars. PlaySimple is part of MTG's Word Games franchise.

PlaySimple takes a highly sophisticated data-driven approach that has been pivotal to the company's success. PlaySimple's most successful title, Daily Themed Crossword, has an extensive archive of fun, themed crossword puzzles that entertain and challenge players daily. This casual take on classic crosswords appeals to all age groups and has proven particularly popular with the growing audience of female gamers worldwide.

## LEADERSHIP



Siddharth Jain  
Founder and CEO



Preeti Reddy  
Co-founder



Siddhanth Jain  
Co-founder



Suraj Nalin  
Co-founder



Vikas Soni  
General Manager



Srinivas Mantripraganda  
VP Finance

## KEY GAMES



### Stats

- Bangalore, India
- Founded in 2014
- Part of MTG since 2021
- Word games  
6 Games in development  
2.7m Daily Active Users\*

\*FY 2022 in terms of IAP revenues.



# KONGREGATE

Kongregate is a developer and game publisher of free-to-play mobile games based in San Francisco, with over 100 employees. The company is focused on creating new games through internal and external development studios and working with top names in the industry.

The company has been at the forefront of gaming innovation and is exploring blockchain and NFT gaming through its Bitverse games and the Blood Vessels title. Kongregate expanded its blockchain capabilities by acquiring Chilean development studio Gamaga in July 2022. The acquisition enables Kongregate to build on an already well-established close relationship with a previous partner in the NFT and blockchain gaming space and move faster towards creating an integrated gaming experience that allows players to become owners in their gaming journey.

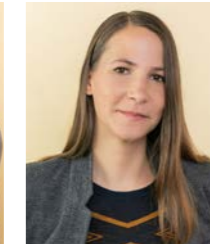
## LEADERSHIP



Markus Lipp  
CEO/CFO



Max Murphy  
CTO



Michelle Shaw  
CBOO



Jan Stieglich  
SVP of Business MTG Investments



Katharina Greggersen  
Sr Director of Production



Ryan Snyder  
Head of Production

## KEY GAMES



## Stats

- Remote first (60% US, 40% row)
  - Founded in 2006
  - Part of MTG since 2017
  - Card Battler games  
5 Games in development  
0.7m Daily Active Users\*
- \*FY 2022 in terms of IAP revenues.





# CORPORATE SUSTAINABILITY STRATEGY

❏ We want to create a dynamic gaming village where entrepreneurs and game studios can thrive and grow sustainably, supported by clear targets and teamwork.



PlaySimple office



InnoGames office



Hutch office



Ninja Kiwi office Dundee

owe it to our employees, the people who play our games and all our other stakeholders. Our sustainability targets are here to keep us on track, making us a better business.

### SUSTAINABILITY STRATEGY

Our corporate sustainability (Sustainability) strategy reflects our vision of a gaming village where entrepreneurs and the studios they've created can grow and thrive, supported by clear targets and collaboration. The strategy is based on both the materiality assessment we carried out in 2022 (see Corporate Sustainability notes on page 118) and our business strategy. To support the strategy, we have three pillars that reflect our environmental, social and governance impact, risks and opportunities.

In order to reliably implement our sustainability strategy across our value chain, all studios have to implement our policy

framework and ensure that all employees take part in the training courses for our core policies: the Code of Conduct, Anti-Corruption Policy and Whistleblower Policy. In addition, all companies have to report to the Executive Management Team and Head of Corporate Sustainability on initiatives that contribute to our diversity, equality and inclusion and climate objectives. We do, however, want to stay aligned with our entrepreneurial approach, and each company therefore develops its own relevant initiatives, because we believe that the best results come from combining our platform for knowledge sharing and their entrepreneurial spirit.

Each pillar has a defined objective and target to measure performance. We have based these objectives and targets on identified sustainability topics from our materiality assessment as well as industry and globally recognized standards.

**STATEMENT FROM OUR CEO**  
Sustainability is essential to drive long-term growth. It's part of what we do and the way we operate. What's great is that it's equally important to the three companies we onboarded in 2021 and 2022. We all want to be a good corporate citizen because we

## SUSTAINABILITY TARGETS

### OBJECTIVE

#### INCLUSIVE & WELCOMING

We believe that companies with a diverse workforce who treat their employees equally and include everyone are more creative, innovative and competitive than those that don't. A diverse workforce can also help us better understand and develop products that attract global consumers.

### TARGET

Our target is to annually increase gender representation to be in line with industry reports. We will assess our progress annually and revise our trajectory as needed.

# 40%

Of the workforce to be represented by female and non-binary employees. Base year of target is 2022.

### STATUS IN 2022

# 28%

Of the workforce comprised female and non-binary employees in 2022.

### OBJECTIVE

#### CLIMATE ACTION

We recognize that our gaming village has an impact on the environment, and more specifically, on the ongoing climate change. We aim to minimize our negative impact while growing our gaming village.

### TARGET

Our target is to reduce our value chain emissions (tCO<sub>2e</sub>) by 50 percent by 2032 in line with the Paris Agreement (to limit global warming to 1.5°C).

# -50%

Reduction of greenhouse gas emissions (tCO<sub>2e</sub>) by 2032. Base year of target is 2022.

### STATUS IN 2022

# 2,207

 tCO<sub>2e</sub>

Total value chain emissions; scope 1, scope 2 (market-based) and scope 3.

### OBJECTIVE

#### PROUD & RESPECTFUL

We want to be proud of our games. That includes protecting minors, improve accessibility in games and transparent communication to our players. With great games comes great responsibility and we want and need to conduct our business with respect and integrity.

### TARGET

Our target within "respectful" is to improve our sustainability governance by reducing our ESG risk rating\* to 10 or lower. A target within "proud" will be defined in 2023.

# 10

In ESG risk rating by 2025. Base year of target is 2022.

### STATUS IN 2022

# 13.6

Our ESG risk rating\*, in June 2022, was 13.6 (low risk).

\* ESG risk rating conducted by Sustainalytics.





# INCLUSIVE & WELCOMING

❑ We believe our gaming village can be more creative and competitive with a diverse workforce, equal treatment and opportunities for all in welcoming workplaces.

### A DIVERSE VILLAGE

Millions of people all over the world play our games. Because of that, we want to reflect the diversity of our players within our own operations. We believe that each studio is responsible for identifying initiatives and taking action to improve their DE&I performance so we can reach our targets together.

When it comes to gender diversity at MTG, there is definitely room for improvement. Women and non-binary employees represented 28 (26) percent of the workforce in 2022. The increase of women and non-binary employees has come from across all



Sunrise Village

studios. We hope to maintain this level and to continue increasing the level of representation over time. Our ambition is to increase this proportion to at least 40 percent of the total workforce.

We will reach our target by supporting the portfolio companies in creating structures and workplaces that attract and retain a more diverse talent pool. We will also focus on increasing knowledge sharing to further inspire and drive DE&I across our village.

Another element of diversity is nationality. We believe we have a healthy share of nationalities at MTG as we employ people from 59 (58) different nationalities.

### EQUAL & INCLUSIVE WORKPLACES

To increase diversity and help employees grow, our workplaces need to be equal and inclusive. There are different ways to create equal and inclusive workplaces. Kongregate collects input on fair treatment and learning experiences in their exit and onboarding surveys, to further understand needs and identify areas of improvement. Training and awareness are other ways to increase equality and inclusion. Hutch provided training for all employees to explore and understand unconscious bias and related topics as well as how to tackle it in the workplace. They also hosted an LGBTQIA2S+ discussion to raise awareness of and show solidarity with Hutch's LGBTQIA2S+ employees.

Ninja Kiwi continued to provide general health care, including gender-related considerations such as hygiene supplies in all gender-neutral bathrooms.

**“We’re committed to making the gaming industry more inclusive and welcoming.”**

**MARIA REDIN, GROUP PRESIDENT & CEO, MTG**

We have identified that partnering with schools and universities is an important tool to attract students to careers in the gaming industry. We are also cooperating with industry peers to drive change on a corporate level.

InnoGames continued to promote and support women joining the game industry by participating in public events like Female Hack, FemTechConf and Women in Tech. They also joined Sticks & Stones, the biggest LGBTQ+ Job & career fair, to recruit talents with different backgrounds.

### EQUAL PAY & REMUNERATION

Each portfolio company is responsible for ensuring correct pay grades and remuneration based on local laws, regulations and standards. At this stage, MTG does not have a global remuneration policy but we have clear requirements for basic pay to be in line with universal labor rights standards,

applicable laws and agreements on working hours and wages.

In July 2022 InnoGames made public their salary bands. The news was reported in key gaming trade media in Germany and internationally. The bands cover approximately 80 percent of InnoGames’ employees and provide information on minimum and maximum salaries for various career levels across nine career models. The career models covered by InnoGames include those of Developer, Game Designer and Marketer.

A gender diversity target, a percentage increase of female and non-binary representation in the workforce, is part of the remuneration for senior executives at MTG. We believe this will increase accountability and ensure we continue to focus on our diversity target.



Rise of Cultures



**ATTRACTIVE & HEALTHY WORKPLACES**

We believe that our employees are crucial for delivering on our business strategy and for our overall performance – their health and well-being are essential to our business. Our portfolio companies are responsible for ensuring employee health and well-being based on their working methodologies, regional laws and regulations as well as risks.

Our approach is to provide workplaces that promote physical and psychosocial well-being through a healthy work-life balance. We also try to provide development opportunities and flexibility so people can adapt to new life situations while working in our village.

**ATTRACT & RETAIN TALENT**

MTG wants to grow not only by adding studios to our gaming village but also by hiring and retaining talented people. In 2022, our village grew by 31 (19) percent in terms of new employees across a multitude of roles and responsibilities. Our increased pace of hiring clearly demonstrates our ability to attract new people, but we also want to make sure that we retain our current talents. We measured our voluntary turnover for 2022 to better understand our turnover. We had a voluntary turnover of 10 percent, which is low\* relative to our industry. This is a good sign that our studios are workplaces that can both attract also retain employees.



Shaman, Kongregate

Our studios have strong company cultures. They also work proactively to attract and retain talent. Initiatives such as gender-neutral job ads, transparent salary bands, collaborations with local universities and trainee programs are just a few examples of what our companies do to attract and retain talent.

**WORKPLACES WHERE EMPLOYEES CAN GROW**

Both MTG and our employees have a vested interest in ongoing career development. Each of our portfolio companies provide individual career development reviews at least annually. In 2022, 82 (99) percent of employees had at least one review. The decrease is mainly due to the increase of employees who have yet to have their PDA. It is up to each company to design the per-

formance review and training programs that best reflect their operations and needs. Hutch and InnoGames use a 360-feedback process and PlaySimple conduct annual development reviews. Ninja Kiwi conducts two reviews per year and Kongregate has its own review process throughout the year with a strong focus on goals and future ambitions.

Training is an important tool to both increase expertise and retain and attract employees. All portfolio companies provide different kinds of training for their employees. Some examples of training that was provided in 2022 includes Unconscious Bias, Advanced Communication Skills for Leaders, Leadership Training and Product Bootcamp.

Another way to support people to grow is to provide knowledge outside of their work roles. For example, InnoGames' Employee Assistance Program offers information sessions on various topics, including child-care.

**NEW WAYS OF WORKING**

MTG believes that having a good work-life balance is an important part of employee well-being and a way to retain people. The gaming industry is known for intense periods of work, also referred to as "crunch". Our companies have ways to reduce the risk of crunch. Examples of this include guidelines for project management and planning, stress management training as well as other mental health awareness campaigns that aim to increase employees' knowledge of personal indicators of negative stress and the need for breaks and changes in planning.

Between June and December, Hutch joined 4 Day Week Global's official trial alongside 70 other companies. The trial was aimed at improving employee wellbeing through a better work life balance combined with a boost in productivity. During the trial productivity remained stable, and the studio saw lower turnover of staff and higher job offer acceptance rates. Hutch decided to keep this new way of working after the trial and it will be assessed on an annual basis to ensure continued success.

In addition to Hutch's 4-day work week, MTG has many different ways of working to ensure employee well-being and improve flexibility in the way our employees want to work.

Kongregate has a 100 percent hybrid working model that allows employees to work from all parts of North and South America as well as Europe increasing the ability to recruit globally.

InnoGames has adopted a hybrid model where employees only need to work a couple of days at the office per year at their own choice.

Ninja Kiwi has "Fairly Flexible Friday" afternoons where employees can opt to choose what to do together with their team such as team-building activities or learning new skills.

**WORK & PARENTHOOD**

It is important for our workplaces to be flexible in terms of where people work as well as in relation to changes in their life situations. In 2022, our return to work rate increased to 80 (55) percent and all employees that took parental leave a year ago has remained within MTG. This is a positive indication that our workplaces are sustainable over time and flexible in addressing new life situations. We want to keep and improve on these numbers as we believe that diversity in life situations also is part of diversity, equality and inclusion.

**ALWAYS IMPROVING**

All of our portfolio companies have a workers council or equivalent entity, which has the responsibility to address work-related injury and ill-health topics, as well as to make suggestions for improvement. The frequency and format for these meetings vary depending on each company's structure and needs.

InnoGames conducts an annual employee survey by Great Place to Work to gather information on employee health. Through careful monitoring of the results of this survey, InnoGames has been able to make improvements.

Hutch has "well-being champions" – employees that help drive initiatives to constantly improve well-being in the workplace.



**INCLUSIVE & WELCOMING**

MTG will be a diverse workforce

**Target:**

40% of the workforce to be represented by female and non-binary employees.

**Policy framework:**

- Code of Conduct
- Anti-discrimination & Harassment Policy
- Whistleblower Policy
- Supplier Code of Conduct
- Local laws and regulations

**Contribution to UN Global Goals:**

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making

**Outcome 2022:**

28% of the workforce is represented by female and non-binary  
18% of top and middle management is represented by female and non-binary

**Actions 2023:**

- Further training in DE&I to increase awareness of topics such as unconscious bias, harassment, diversity and belonging at the workplace.
- Transparent salary bands at InnoGames and Kongregate to initiate team-based salary reviews to determine the distribution and possible adverse impact on various demographic populations.
- Improved recruitment process to increase diversity, for example, gender-neutral language in job advertising and further collaborations with local universities and schools.
- Mentorship programs and career progression to be further developed at PlaySimple and Ninja Kiwi to focus on mentorship to increase knowledge sharing between different areas of expertise.
- Improvements to office spaces across the group with the aim to increase productivity, collaboration and inclusion.

\*LinkedIn (2018) "See The Industries With the Highest Turnover (And Why It's So High)"



# CLIMATE ACTION

❏ We recognize that our global gaming village has an impact on the environment, and specifically on the climate. We aim to minimize our negative impact while growing our gaming village.

As a global player, we recognize that our business operations have an impact on the environment in general and the climate in particular. That is why we have a clearly defined target in our sustainability strategy: We are to reduce our value chain emissions (scope 1, 2 and 3) by 50 percent by 2032, with 2022 as the base year.

Our commitment is in line with the Paris Agreement to limit global warming to 1.5 degrees.

**OUR APPROACH**

We believe that by monitoring our carbon footprint, mapping energy consumption and promoting reuse of equipment where possible, we can reduce the negative impact our business operations have on the

environment. We expect suppliers and other stakeholders we do business with to do the same.

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

We apply the precautionary principle when assessing the environmental impacts of our operations and believe we achieve the best results by letting our portfolio companies set their own strategies and action plans to minimize and manage their impact on the environment and climate specifically.

**UNDERSTANDING OUR CLIMATE IMPACT**

We are continuing to expand our reporting scope. For 2022, we have further increased reporting by adding three new scope 3 categories: procured office supplies, generated waste and employees working from home.

With the expanded scope 3 reporting, we believe that all significant emission sources in our value chain are captured and reported on. To ensure transparent climate reporting, we will assess how and to what extent we can incorporate our outside value chain emissions, such as the impact that playing our games has on the environment.

**OUR VALUE CHAIN EMISSIONS**

Scope 1 and 2 (market-based) emissions (tCO<sub>2</sub>e) represent 14 percent of our total

emissions. The main source of emissions is electricity use for our offices. Our scope 1 and 2 emissions have increased with 29 percent compared with the reporting scope of 2021. The increase follows improvements in data collection where entities and data points that previously were not included are now included. Scope 3 emissions (tCO<sub>2</sub>e) account for 86 percent of our total emissions. Our main sources of scope 3 emissions in 2022 are purchased goods, employees working from home and business travels. Our scope 3 emissions have increased with 27 percent (compared to 2021 reporting scope), due to a significant increase in business travels following lifted travel restrictions.

**USING LESS ENERGY & SWITCHING TO RENEWABLE ELECTRICITY**

Using less energy and switching to renewable electricity where possible are effective and important actions we can implement to reduce our scope 2 emissions. We have reduced our energy use by 2 percent due to improved data collection and energy saving measures in our offices. In 2022, 44 percent of our used electricity came from renewable energy sources.

InnoGames, Hutch, Ninja Kiwi and PlaySimple have all focused on reducing energy use and switching to more renewable energy sources. Ninja Kiwi continued their use of solar panels installed at their Auckland office to ensure that they use renewable electricity on an ongoing basis.

**LESS WASTE**

Generally, our operations do not produce significant amounts of waste. We do however always aim to reduce the waste we generate and increase recycling and reuse where possible. In 2022, InnoGames rented office furniture for their newly renovated office space instead of buying new furniture and MTG's head office in Stockholm implemented a food waste system to reduce the amount of general household waste.

PlaySimple reduced water bottle consumption by 29 percent by installing a water system at the office.

**“We have only one planet, so being climate neutral is a given.”**

MARIA REDIN, GROUP PRESIDENT & CEO, MTG



**CLIMATE ACTION**

MTG will be climate neutral


**Target:**

50% reduction of greenhouse gas emissions (tCO<sub>2</sub>e) by 2032.

**Policy framework:**

- Code of Conduct
- Supplier Code of Conduct

**Contribution to UN Global Goals:**

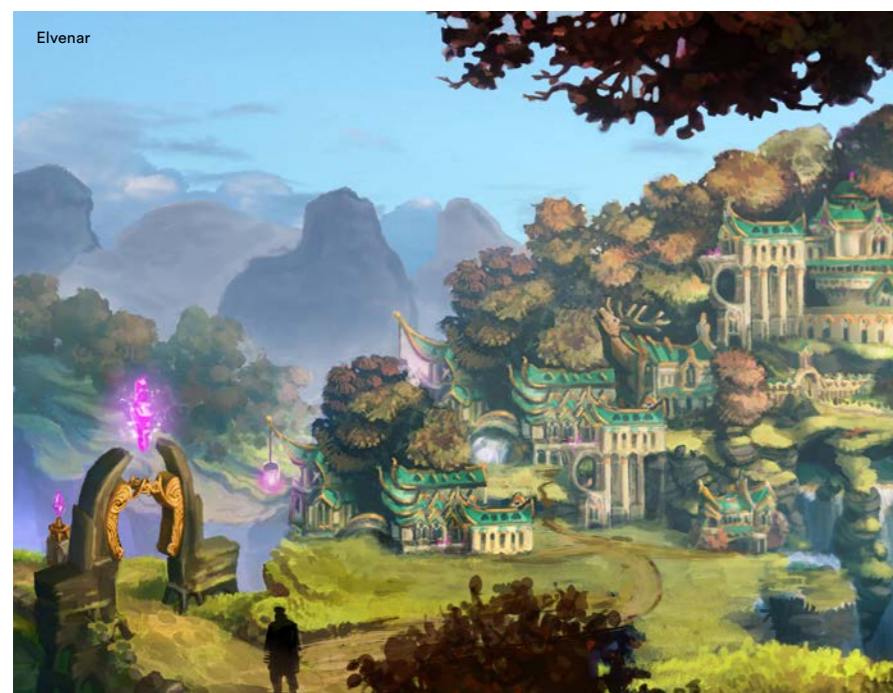
 13.2 Integrate climate change measures into strategies and planning

**Outcome 2022:**

14% of emissions in scope 1 and 2 (market-based)  
86% of emissions in scope 3

**Actions 2023:**


- Update of travel policies across companies to reduce business travels.
- Continue energy-saving measures at several offices, such as switching to LED, sensors for restroom light fixtures and procurement of low-energy using monitors.
- Review and replacement of old servers to reduce the energy use of servers and switch to green server options.







# PROUD & RESPECTFUL

 We want to be proud of our games and to provide safe, trusted and enjoyable gaming experiences for everyone.

Our approach to proud gaming is based on our view that we should be proud of the games we develop – games with fun game-play mechanics, that are user friendly and that deliver a safe and trusted experience. We aim to continue the use of tools to monitor and mitigate unacceptable behavior within social features as well as provide different features that increase accessibility and protection of minors. In 2023 we will identify a target for measuring our progress within proud gaming.

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

Ninja Kiwi has a conservative approach to age rating with their game Bloons. They identify weapon use even though only balloons are shot, not characters or other players. Thus, Bloons is rated E (6 and older) with the additional comment “cartoon violence”.

**PROTECTING MINORS’ DATA**  
All our companies are continuously improving their data protection processes in accordance with the framework developed and governed by our Head of Data Protection. Depending on the game, the mechanics and the data that is collected, our companies have developed their own processes to ensure the protection of all data and especially data from minors.

Kongregate’s Children’s Privacy Policy, which applies to children under 13 in the US (or up to 16 in some European countries), defines what user information is collected and how parental consent can be used. Some of Kongregate’s games are considered Children-Appealing Games, and are therefore being audited under the kid-SAFE’s COPPA Certification Program.

Both Ninja Kiwi and PlaySimple have implemented age gates that do not allow personal information to be entered if the player states to be under age of 13.

**CHAT FILTERS & MODERATORS TO REDUCE UNACCEPTABLE BEHAVIOR**  
We want our games to be safe and free from unacceptable behavior, and our gam-

ing companies have policies, guidelines and tools to handle unacceptable behavior. Our ambition is for all companies to have clear processes adapted to their games to mitigate and manage unacceptable behavior.

**Policies & guidelines**  
InnoGames has global rules that prohibit actions that may endanger the function of the games and the well-being of players. Kongregate has behavior guidelines that outline how to behave in its chat rooms and forums. They are written in simple language and include sections entitled “Be nice to one another” and “Be a team player”. These specify how users should act on the platform and how to report unacceptable behavior.

Ninja Kiwi and Kongregate have policies that address Reddit, Discord and other social forums with moderators that review conversations on these platforms. PlaySimple does not have games that contain social features.

**Keeping gaming friendly**  
MTG relies on various tools to ensure that games and chat functions remain free from unacceptable behavior. The most common tool for managing behavior in chat rooms and other social forums is the moderator.

Ninja Kiwi has moderators who can warn and ban people based on the studio’s policies and inclusive “Ninja Kiwi Spirit”. InnoGames has moderators in chats and forums to warn, block and expel players who breach the global or game rules. There is also a reporting function called the Affront Tool where players can report anyone that breaks the rules. Moderators review these reports and can then decide how to act.

Some of our games have dedicated Discord servers. To help keep the chats friendly, our studios use trained employees and teams of volunteers as moderators. The studios also use bots that auto-moderate spam and swearing. Players that breach the provided guidelines for each of the game-focused chats can be muted, provided a warning or blocked.

Kongregate also has an automated chat filter that evaluates words and statements using textual clues and blocks users who breach guidelines. Any user that regularly misbehaves is labeled as untrusted and their chats are then subject to an even stricter filter. The filter is also used in forums to manage sharing of links and images.



Jigsaw

**PROUD & RESPECTFUL**

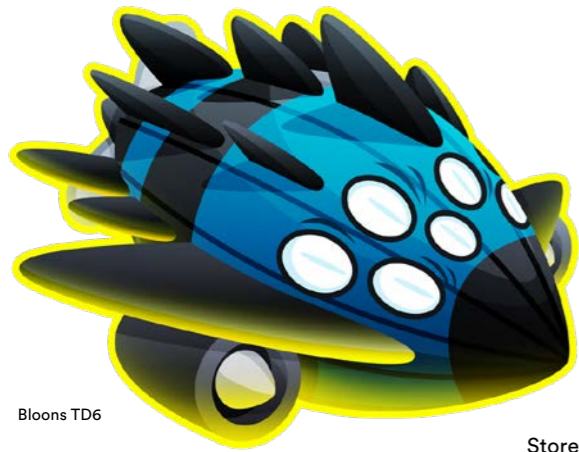
MTG will be proud of our games through protecting minors’ data, improving accessibility in games and transparent communication to our players.

Target:  
To be decided in 2023

- Policy framework:
- Code of Conduct
  - Company specific policies on responsible gaming

Outcome 2022:  
100% of companies with clear policies and process on responsible gaming





Bloons TD6

**GAMING FOR ALL**

We want everyone to be able to play and enjoy our games, including neurodivergent players. This is why our game developers are continuously evolving and implementing different settings and mechanics which allow players with, for example, color blindness, visual impairments or sensory sensitivity to play our games. An example of such a feature can be found in Bloons Tower Defense 6 (BTD6) midyear update in 2022 'Contested Territories', which included a colorblind mode to distinguish teams and tile colors.

Gaming for all also includes the importance of creating a healthy balance between playing our games and life outside of our games, especially for our younger players. In BTD6 the players will receive a notification after playing for an amount of time: *"BTD6 is awesome. Life is awesome too. Don't forget to have a break sometimes and do something else. Then play more BTD6!"*.

The notification is a way to remind our players to take a break from the game and we believe these notifications increase the balance between screen time and life outside of our games.

**LUCK-BASED MECHANICS**

Luck-based mechanics or Paid Random Items ("PRI") are mechanics found across all categories of games, including games developed by our studios. Examples of PRI are chests, card packs or crates that players can purchase within the game. PRI mechanics are subject to special legal

requirements. The age and content rating organizations in Europe (PEGI) and the United States (ESRB) provide additional information if PRI are included in a game. The review guidelines of app stores such as the Apple App Store and Google Play Store maintain additional requirements if PRI are part of a game. National laws in our core markets (Europe and North America) do not provide dedicated rules for PRI specifically, but general laws on consumer protection, gambling, unfair competition and youth protection apply.

Games with PRI mechanics developed by our gaming studios follow applicable laws as well as provide information to the player of the odds to receive items. F1 Clash, Forge of Empires and Animation Throw-down all clearly provide players with the odds (%) to receive a specific item. This is usually provided next to the card pack or chest, to increase transparency for the player.

**SUSTAINABILITY GOVERNANCE**

Our approach to corporate sustainability governance is based on our vision to treat all stakeholders with respect. Naturally, this includes the way we do business. We aim to ensure strong sustainability governance that permeates our organization. To improve our governance, our aim is to reduce our Sustainalytics' ESG risk rating to 10 or lower by 2025.

**POLICY FRAMEWORK**

MTG's policy framework includes core policies from a compliance perspective. These policies ensure that our core values and corporate culture are embedded in our business operations, no matter where we operate. The framework, which is reviewed and approved annually by the Board of Directors, includes the following:

- Code of Conduct (Public)
- Anti-corruption Policy (Public)
- Anti-Discrimination & Harassment Policy (Public)

- Asset Protection Policy
- Competition Policy
- Data Protection Policy (Public)
- Related Party Transactions Policy
- Risk Management Policy
- Sanctions Compliance Policy
- Supplier Code of Conduct (Public)
- Whistleblower Policy (Public)

Non-public policies are communicated internally to all employees.

**IMPLEMENTING POLICIES**

When companies join MTG, they receive information on our policies and framework as well as our general employee handbook. When onboarding companies, MTG's Central Operations team helps ensure that they understand the context of our policies. This includes discussing how to best adjust policies to local laws, regulations while keeping the company tone and culture. It also includes ensuring the policy framework is implemented within a reasonable time after we acquire a company. MTG informs portfolio companies of any updates or adjustments to the policy framework through direct dialog.

We use different processes to implement our policies. For example, our Head of Governance Risk & Compliance conducts audits according to our Risk Management Policy and all employees must sign MTG's Code of Conduct. In Q2 2023 our ambition is to launch trainings in our Code of Conduct, Anti-corruption Policy and the Whistleblower Policy to all employees and reach 100 percent completion a year after launch.

We believe this is an important tool to ensure good sustainability governance and to implement our sustainability strategy.

**CODE OF CONDUCT**

Our Code of Conduct (Code) expresses our values and helps us navigate ethical and legal issues. It is the governing document of our entire policy framework and a practical guide to how we do business. Individual policies give further detailed information



**“We’ve been a listed company for many years. We understand how important governance is and we constantly work to enhance it across all our companies.”**

**MARIA REDIN, GROUP PRESIDENT & CEO, MTG**

on specific topics highlighted in the Code, for example, anti-corruption practices, data privacy and asset protection.

The Code covers all areas of corporate sustainability: human and labor rights, environment and anti-corruption. It is based on our commitment to international initiatives and standards such as the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the Fundamental Conventions of the International Labor Organization, the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. The Code governs all material topics and we expect our studios to identify measures

**PROUD & RESPECTFUL**

MTG will conduct business with respect and integrity.

Target:

We will reduce our ESG risk rating to 10 or lower

Policy framework:

- MTGs Policy Framework

Contribution to UN Global Goals:

16.5 Substantially reduce corruption and bribery in all their forms

Outcome 2022:

13.6 in overall ESG risk rating in June 2022.

99% of all employees have signed the Code of Conduct



to achieve targets related to our sustainability strategy.

All employees are expected to abide by the Code. In 2022, 99 (99) percent of all employees had signed the Code including 98 (100) percent of all new employees.

**ANTI-CORRUPTION**

MTG's Anti-corruption Policy ensures that we comply with international standards and adhere to our own regulations for conducting business properly. The policy covers eight different areas of corruption including bribery, conflict of interest and nepotism and it is available on our website. It also addresses gifts, entertainment and hospitality, which are common in our industry.

The main update to the policy in 2022 was to strengthen our views on sponsorship and donations to ensure we do not contribute to causes outside of our corporate sustainability and business strategy.



Avatar, Kongregate

know about suspected or actual irregularities related to work. MTG's whistleblower channel allows people to report incidents including breaches of our policy framework, inappropriate behavior that is of public interest and breaches of EU law.

Reports filed through MTG's whistleblower channel are handled by a specially appointed, impartial, group and it is possible to report incidents anonymously. For more information, read our Whistleblower Policy.

Each studio has reporting channels with a similar process to MTG's including an impartial group that handles cases.

There were no cases reported to the whistleblower channel in 2022. We believe this may be because the whistleblower channel is still new to the organization and training is to be provided across the village in 2023.

**DATA AND IT PROTECTION**

All portfolio companies ensure General Data Protection Regulation (GDPR) compliance by continuing to focus on risk assessment and further implementing the Privacy Compliance Framework. The framework includes areas such as governance structure, personal data inventory, data privacy policies, data transfer mechanisms, training and awareness programs, notices and data access requests. The Head of Data Protection follows up on progress, monitoring and further development through regular dialogs with each local companies' Data Protection Manager (DPM). Our Chief Information Security Officer is responsible for the protection of our IT systems and cybersecurity. In 2023, a cybersecurity maturity assessment will be conducted across the group to assess our security posture and maturity, to ensure good data and information governance.

**SUPPLIER CODE OF CONDUCT**

Our Supplier Code of Conduct (Supplier Code) covers the same areas as the Code and includes additional requirements for environmental management and the right to audit suppliers and sub-suppliers using the Supplier Code. MTG's supply chain includes mainly vendors of IT support, data centers, transmission and distribution partners as well as software and technology contractors. In 2023, we will further ensure that the Supplier Code is implemented by reviewing a group implementation process.

**WHISTLEBLOWER**

At MTG, we take our employees' concerns seriously and want to encourage people to speak up without fear of retaliation or other negative repercussions.

We aim to promote a culture of openness, responsibility and accountability and ask all individuals on all levels at MTG to let us

**SUSTAINABILITY GOVERNANCE MODEL**

MTG's Chief Financial Officer (CFO) and Head of Corporate Sustainability lead our sustainability work. The Head of Corporate Sustainability ensures that MTG's corporate sustainability strategy, objectives and targets, and relevant policies are aligned with the company's vision and strategy.

Across the group, there are ongoing reviews and monitoring of sustainability performance against targets as well as decision-making related to group sustainability priorities.

Each local CEO and management team is responsible for executing and implementing the group's strategy, objectives and targets by reporting on activities and initiatives.

MTG's VP of Communication & IR and Head of Corporate Sustainability are responsible for regularly reporting the company's sustainability performance to internal and external stakeholders. They also coordinate regular stakeholder dialogs.

The Board of Directors approves MTG's sustainability strategy, objectives, targets and policies and adopts the annual corporate sustainability report.

**SUSTAINABILITY RISK MANAGEMENT**

MTG's sustainability risk assessment is conducted across our value chain and assesses risks based on their potential impact (financial, legal and reputational) on MTG and the probability that the impact may occur.

Identified risks are managed by combining MTG's sustainability strategy with our policy framework, as well as with the local risk management unit of each portfolio company, particularly where the risks are specific to each company's market and/or way of operating. For more detailed information on our risk assessment and management of identified risks see Corporate Sustainability notes page 120-121.







Forge of Empires

# GIVING BACK TO SOCIETY

Being a positive force in society is important because our business, directly and indirectly, impacts the society in which we operate.

We support a range of initiatives that aim to benefit society and the environment. During the year, we donated over 3,835 KSEK, and products and services worth over 178 KSEK to a variety of organizations and causes. We believe that our portfolio companies know best how to support local communities and organizations and it is up to each company to choose organizations and initiatives to support. Here are some examples of how our companies gave back to society during 2022.

**INNOGAMES: UKRAINIAN REFUGEES**  
Among other initiatives during the year, InnoGames donated warm meals and computers and gave 10,000 EUR to German organizations that support refugees and victims of war from Ukraine.

**HUTCH: CHILDREN & YOUTH**  
Hutch supports a number of children and youth organizations. During the year, for example, the company donated to Great Ormond Street Hospital in London, Make-A-Wish (20,000 GBP) and AKT; an organization that supports LGBTG+ youth who need safe homes.

**NINJA KIWI: SUPPORT TO LOCAL COMMUNITIES**  
Ninja Kiwi continues to provide support to their local communities through different organizations. In 2022, they provided support to the Kindred Family Services (New Zealand) and to the Dundee & Angus Foodbank (UK). Two organizations focusing on supporting families in need.

**PLAYSIMPLE: HEALTH CARE**  
PlaySimple has a donation program focused on providing support to specialized health care organizations and hospitals. One example of causes the studio supports is Cloudenine Foundation, an organization providing maternity services.

**STRATEGIC MEMBERSHIPS**  
To help evolve the gaming industry and the society we operate in, our portfolio companies are members of industry associations and national and international organizations.

**FAIR PLAY ALLIANCE**  
Kongregate is a member of the Fair Play Alliance, a global coalition of gaming professionals and companies within the gaming industry. Their vision is to be part of creating a world where games are free of harassment, discrimination and abuse, and where players can express themselves through play without fear.

**GAME**  
InnoGames is a member of the German Games Industry Association (game) whose mission is to make Germany into the best game location. An expert partner for

media, social and political institution, game addresses topics related to market development, game culture and media literacy.

**LEADERS FOR CLIMATE ACTION**  
InnoGames is a member of Leaders for Climate Action, an association that aims to combat climate change through various initiatives. Its vision is a global economy powered by 100 percent renewable energy by 2050.

**DIVERSITY WORKS NZ**  
Ninja Kiwi is a member of Diversity Works NZ, a national body for workplace diversity and inclusion. It provides members with tools and knowledge about diversity and how to increase diversity within organizations as well as assessment tools for identifying areas for improvement.

**NEW ZEALAND GAME DEVELOPERS ASSOCIATION (NZGDA)**  
Ninja Kiwi is a member of NZGDA, a non-profit organization that aims to champion, support and grow video game development in New Zealand through collaborations with different industry participants across the country.





# DIRECTORS' REPORT

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# BUSINESS OPERATIONS

Modern Times Group MTG AB (publ) (MTG) is a publicly listed company that owns and operates gaming studios with popular global IPs across a wide range of casual and mid-core genres. Its Class A and Class B shares are listed on Nasdaq Stockholm's Mid Cap list under the symbols MTG A and MTG B. MTG's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. MTG's registration number is 556309-9158.

MTG's vision is to become a global gaming village that enables gaming companies and entrepreneurs to thrive, to bring players worldwide a diverse selection of popular game franchises. The company's mission is to create the ultimate home for game makers and entrepreneurs. To achieve this, MTG plans to establish itself as one of the mobile gaming leaders by scaling its operations through organic growth, acceleration initiatives via the Flow Platform, and carefully selected and beneficial M&A.

In 2022, MTG's financial reporting structure included the five gaming studios: InnoGames, Hutch, Ninja Kiwi, PlaySimple and Kongregate. Additionally, MTG had made investments in gaming-related companies through its VC fund.

#### Acquisitions and divestments

Active portfolio realignment is a natural part of MTG's transformation into the home of gaming entertainment. During 2022 and after the year, a number of strategic disposals, acquisitions and strategic partnerships were completed or announced, including:

#### January 24, 2022 – MTG Divests ESL Gaming to Savvy Gaming Group (SGG) for USD 1,050 million

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

#### January 25, 2022 – Worldwide release of city building game Rise of Cultures

InnoGames released Rise of Cultures for iOS and Android. The company took key learnings from Forge of Empires and created a mobile-first game where players establish an empire and build cities playing as the most famous cultures of mankind.

#### February 14, 2022 – Kongregate announced a blockchain gaming partnership with Immutable X

Kongregate announced a blockchain gaming partnership with Immutable X, Ethereum's leading Layer 2 (L2) scaling solution for non-fungible tokens (NFTs). The partnership's goal was to create a fun and innovative blockchain-first games that utilize NFTs to bring players immersive and fresh experiences and to grow the group's NFT gaming capabilities.

#### March 30, 2022 – InnoGames' global hit Forge of Empires celebrated its 10th anniversary

InnoGames' global hit Forge of Empires celebrated a decade of play. InnoGames celebrated the anniversary by launching a new board game-themed Forge of Empires event targeting experienced players.

#### April 21, 2022 – Successful closing of the transaction to divest ESL Gaming to Savvy Gaming Group

The Group successfully closed the transaction to divest ESL Gaming to Savvy Gaming Group. ESL Gaming was, therefore no longer part of MTG and was reported as "Discontinued operations" in the MTG's financial results for Q1 2022. The operations had been deconsolidated from Q2.

#### April 29, 2022 – The Board of Directors decided to launch a share repurchase program

The Board of Directors launched a share repurchase program, with an ambition to repurchase shares for a total amount of up to SEK 125 million. This program was completed on 7 June and a total of 1,053,868 class B shares, for a total amount of approximately SEK 117 million were repurchased during its duration.

#### June 8, 2022 – MTG held its Annual General Meeting

MTG AGM approved all proposals, including the share redemption plan and exchange of EHM minority shares. The AGM also resolved an extraordinary cash value transfer to MTG's shareholders through a share redemption plan, which entitled holders to a redemption of SEK 25.00 per share.

#### June 17, 2022 – EHM became the largest shareholder in MTG

MTG completed the exchange of shares MTG did not previously own in MTG Gaming AB held by EHM Holding. The process resulted in a dilution effect (based on the number of shares in MTG after the share redemption program was completed) of 18,074,753 Class B shares. This corresponded to approximately 14.2 percent of the total number of shares in MTG after the issue in kind. As a result, the owners of EHM became the largest shareholder in MTG after completion.



**June 21, 2022 – MTG Capital Markets Update**

The group's management held a streamed half day update for analysts, investors, and other stakeholders. The presentations during the day were focused on the company's vision, business strategy, portfolio, and financial management. More information and all the materials from the day can be found on our website.

**July 7, 2022 – Kongregate expanded blockchain capabilities through production studio acquisition**

Kongregate expanded through the acquisition of Chilean development studio Gamaga. The acquisition valued Gamaga at between USD 5 and 7 million.

**August 8, 2022 – MTG complete share repurchase program announced in June**

MTG completed the share repurchase program announced on June 17. The group repurchased a total of 2,155,553 class B shares for a total amount of approximately SEK 200 million under the program. With the closing of this program, MTG fulfilled its commitment to return at least 40 percent of the net proceeds from the divestment of ESL Gaming to the group's shareholders.

**October 25, 2022 – MTG launched another share repurchase program**

MTG's Board of Directors launched a share repurchase program of up to SEK 400 million, provided MTG's holding of its shares does not at any time exceed 10 percent of outstanding shares. The buy-backs started October 27 and will run until the Annual General Meeting 2023.

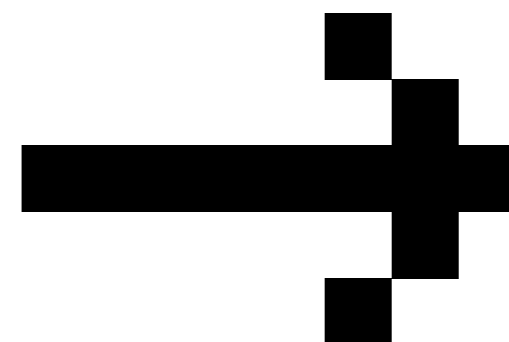
**November 30, 2022 – MTG Game Makers Day**

MTG held its Game Makers Day 2022 in London for investors and analysts. The event featured presentations from senior leaders within MTG and its gaming studios and covered a wide range of topics related to the creation, promotion and monetization of games. More information and all materials from the day can be found on our website.

**20 February, 2023 – Lasse Pilgaard resigned as MTG's Chief Financial Officer**

Lasse Pilgaard resigned from his position as the Group's CFO to explore opportunities closer to his family and home in Copenhagen, Denmark.

# FINANCIAL OVERVIEW



## 2022 HIGHLIGHTS

- Net sales increased by 41% to SEK 5,537 (3,931) million
- Adjusted EBITDA of SEK 1,373 (1,102) million
- EBITDA of SEK 1,229 (978) million
- Operating income (EBIT) of SEK 558 (513) million
- Total basic earnings per share of 56.26 (-3.85)
- Total net income of SEK 6,475 (-454) million
- Net Cash flow from operations of SEK 868 (306) million
- SEK 2.7 billion was paid out as part of the share redemption program during Q3 2022



Consolidated financial performance (SEK million)	2022	2021
<b>Continuing operations</b>		
Net sales	5,537	3,931
Costs before depreciation and amortization	-4,308	-2,953
Adjusted EBITDA	1,373	1,102
Adjusted EBITDA margin	25%	28%
Adjustments	144	124
EBITDA	1,229	978
Amortization	637	433
Depreciation	34	32
of which PPA	374	281
EBIT	558	513
EBIT margin	10%	13%
Net income	252	-248
Basic earnings per share (SEK)	2.70	-1.86
<b>Discontinued Operations</b>		
Net income	6,223	-207
<b>Total operations</b>		
Net income	6,475	-454
Basic earnings per share (SEK)	56.26	-3.85
Net cash flow from operations	868	306
CAPEX	234	252
<b>Net sales growth y-o-y</b>		
Organic growth	-4%	-9%
Acquisitions/divestments	35%	60%
Changes in FX rates	9%	-4%
Change in reported net sales	41%	47%
Pro forma growth	5%	12%

#### Net sales

Net sales on a reported basis increased by 41 percent year-on-year to SEK 5,537 (3,931) million. Pro forma growth amounted to 5 percent. Organic sales growth declined by 4 percent. Exchange rate changes contributed with 9 percent.

#### Operating expenditure

Operating costs before depreciation and amortization increased by 25 percent to SEK 4,308 (2,953) million. This included 99 (49) million in costs related to Long-term Incentive (LTI) programs and SEK 19(75) million in Merger & Acquisition (M&A) transaction costs.

#### Adjusted EBITDA

The group's adjusted EBITDA amounted to SEK 1,373 (1,102) million, where the improvement was driven by lower marketing investment levels. The adjusted EBITDA margin was 25 (28) percent, which outperformed full year margin outlook.

EBITDA amounted to SEK 1,229 (978) million.

#### EBIT

Depreciation and amortization amounted to SEK 671 (465) million and included amortization of purchase price allocations (PPA) of SEK 374 (281) million. Excluding PPA, depreciation and amortization amounted to SEK million to SEK 297 (184) million.

Group EBIT was SEK 558 (513) million. The EBIT margin was 10 (13) percent.

#### Net financials and net income

Net financial items amounted to SEK -60 (-557) million, mainly related to exchange rate differences of SEK 316 million, revaluation effects referring to financial liability of SEK 36 million relating to the remaining 23 percent of PlaySimple acquisition and revaluation of earnout liability of SEK -224 million. For a summary of changes in earn-out liability, see the table in Note 26 on page 106. The group's tax was SEK -246 (-204) million. Current tax amounted to SEK -449 (-264) million and deferred tax was SEK 202 (60) million.

#### Net income and earnings per share

The group reported a net income of SEK 252 (-248) million for continuing operations and basic earnings per share before dilution of SEK 2.70 (-1.86) and after dilution of SEK 2.69 (-1.86).

#### Discontinued operations

Discontinued operations comprise of ESL Gaming in 2022.

On January 24, 2022, MTG announced the sale of ESL Gaming to Savvy Gaming Group ("SGG") in an all-cash transaction valuing ESL Gaming at an enterprise value of USD 1,050 million (equalling SEK 9,723 million). At the time, MTG owned 91.46 percent of ESL Gaming, which corresponded to USD 960 million of the total enterprise value and represented a total return on investment of 2.5x. The transaction closed on April 21, 2022 and the divestment generated net proceeds of USD 880 million (SEK 8,281 million) for the group. MTG recognizes a capital gain of SEK 6,851 million. During the year, ESL Gaming generated revenue of SEK 525 million and a net result of SEK -504 million. ESL Gaming has been presented as discontinued operations since Q1. Net income and cash flows from discontinued operations have been reported on separate line items in the consolidated income statement and the consolidated statement of cash flow respectively.

#### Cash flow and financial position

The group reported a SEK -171 (-27) million change in working capital. Net cash flow from operating activities amounted to SEK 868 (306) million.

The group's capital expenditure on tangible and intangible assets amounted to SEK 234 (252) million, mainly consisting of capitalized development costs for games and platforms that have not yet been commercially released. Investment in the VC fund was SEK 345 (282)

Total cash flow relating to investing activities amounted to SEK -636 (-3,372) million.

Cash flow from financing activities amounted to SEK -4,974 (2,816) million.

The net change in cash and cash equivalents from continuing operations amounted to SEK -4,741 (-251) million.

The group had cash and cash equivalents of SEK 4,733 (943) million at the end of the period.

As per 31 December 2022, the group had a revolving credit facility of SEK 1,000 (1,000) million, whereof SEK 0 (900) million was utilized.

Cash flow (SEK million)	2022	2021
Cash flows from operating activities	1,447	618
Taxes paid	-408	-286
Changes in working capital	-171	-27
<b>Net cash flows from operating activities</b>	<b>868</b>	<b>306</b>
Investing activities	-636	-3,372
Financing activities	-4,974	2,815
<b>Cash flow from discontinued operations</b>	<b>8,459</b>	<b>-</b>
<b>Total net change in cash and cash equivalents</b>	<b>3,717</b>	<b>-251</b>
<b>Cash and cash equivalents at the end of year</b>	<b>4,733</b>	<b>943</b>



# OTHER GROUP INFORMATION

## Parent Company

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

The MTG parent company reported internal sales of SEK 40 (15) Million in 2022. Net interest and other financial items amounted to SEK 7,705 (-11) million, where the main part consisted of received dividend net of impairment amounting to 7,647 (0) and unrealized and realized exchange differences amounting to 155 (-13) and -96 (22) respectively. Income after tax and appropriations amounted to SEK 7,746 (-94) million. The parent company had cash and cash equivalents of SEK 3,625 (167) million at the end of the period. The MTG parent company had an external loan at the end of the reporting period of SEK 0 (1,900) million.

## Dividend and proposed appropriations of earnings

The following funds are at the disposal of the shareholders:

### Dividend and proposed appropriation of earnings

(SEK)	2022
Premium reserve	5,676,973,880
Retained Earnings	1,666,285,796
Net income for 2022	7,745,751,843
<b>Total at disposal</b>	<b>15,089,011,519</b>

The Board proposes that MTG's retained earnings, the share premium reserve and the result for the year, a total of SEK 15,089,011,519 is to be carried forward.

## Long-term Outlook

MTG is well-positioned to capture above-market growth in the medium and long term. Our industry is supported by positive social, technological, and demographic trends and we expect the group to benefit from this going forward.

Our ambition is to deliver between SEK 6.3 and 7 billion of revenue in 2025, with an estimated average adjusted EBITDA margin of 23-25%. Our growth will be further supported by both scale and smaller M&A opportunities, enabled by our strong balance sheet and healthy cash generation capabilities.

## Sustainability

The statutory sustainability report according to Chapter 6 of the Annual Accounts Act can be found on pages 24-39 and 117-134.

# THE MTG SHARE

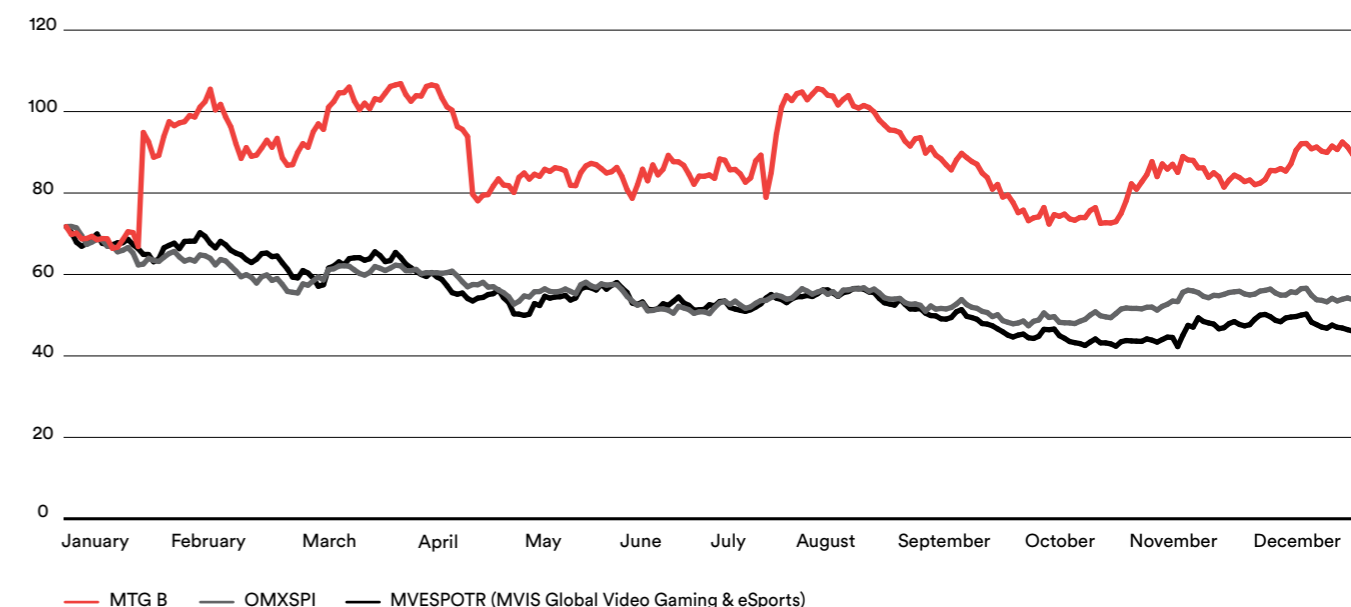
## Share price performance and total return

MTG's Class A and Class B shares are listed on Nasdaq Stockholm (Mid Cap segment) under the symbols 'MTG A' and 'MTG B'. At the beginning of 2022, the MTG Class B share price was SEK 94.55 and at the end of 2022, it was SEK 89.1 (92.4), with an increased number of total shares (as further described below). This implies a decrease in the share price by 5.76 percent (37.66) and a market capitalization by the year-end 2022 of SEK 11.4 (10.8) billion. The parent company did not pay any dividend in 2022 but effectuated an extraordinary cash value transfer to its shareholders through a share redemption plan.

## Ownership structure

The total number of shareholders according to the share register held by Euroclear Sweden AB (the Swedish Central Securities Depository) was 44,251 (49,666) at the end of 2022. The shares held by the 10 largest shareholders corresponded to approximately 55 (46) percent of the share capital and 54 (46) percent of the voting rights. Swedish institutions and mutual funds owned approximately 40 percent (46) of the share capital and international investors owned approximately 60 (54) percent.

## Share price development 2022, indexed



## Shareholders as of 31 December 2022

#	Owners	MTG A	MTG B	MTG C	Capital	Votes	Verified
1	EHM Holding GmbH		18,143,025		13.5%	13.1%	2022-10-27
2	Active Ownership Corporation S.à r.l.		11,816,637		8.8%	8.5%	2022-12-31
3	Modern Times Group MTG AB		3,980,433	6,324,343	7.7%	7.4%	2022-12-30
4	Swedbank Robur Fonder		6,657,492		5.0%	4.8%	2022-12-31
5	Handelsbanken Fonder		6,277,336		4.7%	4.5%	2022-12-31
6	Atairos		4,829,762		4.1%	4.0%	2022-05-30
7	Nordea Fonder		4,406,048		3.3%	3.2%	2022-12-31
8	Vanguard		4,257,049		3.2%	3.1%	2022-12-31
9	VERAISON Capital AG		2,667,890		2.3%	2.2%	2022-03-14
10	Livförsäkringsbolaget Skandia	161,209	2,787,551		2.2%	3.2%	2022-12-28
	<b>Total top 10</b>	<b>161,209</b>	<b>65,823,223</b>	<b>6,324,343</b>	<b>54.8%</b>	<b>53.8%</b>	
	<b>Others</b>	<b>384,453</b>	<b>61,342,712</b>	<b>-</b>	<b>45.2%</b>	<b>46.2%</b>	
	<b>Total</b>	<b>545,662</b>	<b>127,165,935</b>	<b>6,324,343</b>	<b>100.0%</b>	<b>100.0%</b>	



**Total number of shares and voting rights**

The holder of an MTG Class A share is entitled to 10 votes and the holder of an MTG Class B and MTG Class C share, respectively, is entitled to one vote each. Class C shareholders are not entitled to

dividend payments. Out of the total number of issued shares, 3,980,433 (304,880) Class B shares and 6,324,343 (6,324,343) Class C shares were held as treasury shares as of December 31, 2022 (these shares are not represented at general meetings of the company).

**Share distribution**

Size Class	Number of shares	Capital	Votes	Number of known owners	Part of known owners
1-100	687,624	0.51%	0.63%	32,083	72.50%
101-200	628,147	0.47%	0.57%	4,239	9.58%
201-500	1,319,441	0.98%	1.10%	4,029	9.10%
501-1.000	1,385,326	1.03%	1.16%	1,868	4.22%
1.001-2.000	1,559,453	1.16%	1.25%	1,054	2.38%
2.001-5.000	1,886,922	1.41%	1.54%	604	1.36%
5.001-10.000	1,243,876	0.93%	1.08%	171	0.39%
10.001-20.000	985,027	0.74%	0.74%	69	0.16%
20.001-50.000	1,714,246	1.28%	1.76%	54	0.12%
50.001-100.000	1,384,602	1.04%	1.01%	20	0.05%
100.001-200.000	1,910,708	1.43%	2.16%	14	0.03%
200.001-500.000	5,450,145	4.20%	4.06%	15	0.03%
500.001-1.000.000	7,742,377	5.77%	5.58%	10	0.02%
1.000.001-2.000.000	9,162,646	6.84%	6.60%	6	0.01%
2.000.001-5.000.000	31,666,805	24.44%	24.59%	10	0.02%
5.000.001-10.000.000	12,934,828	9.65%	9.31%	2	0.00%
10.000.001-	40,264,438	30.04%	28.98%	3	0.01%
Anonymous ownership	12,109,329	8.07%	7.90%		
<b>Total</b>	<b>134,035,940</b>	<b>100%</b>	<b>100%</b>	<b>44,251</b>	<b>100%</b>

Due to the share issue as well as the cancellation of shares described below (which were made in 2022), the total number of voting rights and total number of shares as of December 31, 2022 amounted to 138,946,898 votes (121,926,013) and 134,035,940 shares (117,015,055).

- The issue of 18,074,753 Class B shares to EHM Holding GmbH as part of the exchange of the shares MTG did not previously own in MTG Gaming AB (which were held by EHM Holding GmbH).
- The reduction of the share capital by SEK 5,269,340 by way of cancellation of 1,053,868 Class B shares repurchased under MTG's repurchase program carried out between 2 May 2022 and 7 June 2022.

For information on changes in number of shares etc. as a result of the completion of the automatic share redemption program, please see note 15.

**Share capital**

The parent company's share capital amounted to SEK 670 (585) million at the end of 2022. For changes in the share capital between 2022 and 2021, please see the report entitled 'Consolidated statement of changes in equity'.

**Reclassifications**

There were no reclassifications of Class A shares into Class B shares in 2022 and 2021.

**Exercise of long-term incentive plans**

No shares were exercised as part of any long-term incentive plan during 2022 and 2021.

For information on share-based long-term incentive plans (including warrants granted to senior executives and key employees in 2019), please see Note 23.





**Board authorizations****2022**

The Extraordinary General Meeting held on 22 March 2022 resolved in accordance with the Board's proposal regarding an authorization for the Board to resolve on repurchase of own shares. The Board utilized this authorization on 29 April 2022.

The Annual General Meeting held on 8 June 2022 resolved on the following resolutions with respect to Board authorizations:

- To secure delivery of shares to the participants in the 2022 Incentive Plan, the Board was authorized to carry out a directed issue, and a subsequent repurchase, of not more than 495,000 Class C shares (which can be converted into Class B shares) and that not more than 495,000 own Class B shares may be transferred free of charge to the participants in accordance with terms and conditions of the 2022 Incentive Plan. The Board has not yet utilized this authorization.
- The Board was authorized to resolve on repurchases and transfers of own shares. This authorization was used by the Board on 17 June 2022 and 25 October 2022, respectively.
- The Board was authorized to, on one or more occasions during the period up until the next Annual General Meeting, issue new Class B shares with or without deviation from the shareholders' preferential rights. New share issues resolved upon by the Board using this authorization shall, in aggregate, represent no more than 15 percent of the total number of shares in the company at the time when the Board of Directors exercises this authorization for the first time. At least one third (1/3) of the authorization is intended to be used as payment/consideration in connection with acquisitions (in kind or through set-off), and the remainder may be used for new issues to raise capital for acquisitions. The Board has not yet utilized this authorization.

**2021**

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

For the purpose of securing delivery of shares to the participants in the LTIP 2021, the January EGM also authorized the Board to carry out a directed issue, and a subsequent repurchase, of not more than

130,000 Class C shares (which can be converted into Class B shares) and that not more than 434,800 own Class B shares may be transferred free of charge to the participants in accordance with terms and conditions of the LTIP 2021. The Board utilized this authorization in March 2021 for the issue and repurchase of 130,000 Class C shares.

The Annual General Meeting held on 18 May 2021 authorized the Board to, on one or more occasions during the period up until the next Annual General Meeting, issue new Class B shares with or without deviation from the shareholders' preferential rights. New share issues resolved upon by the Board using this authorization shall, in aggregate, represent no more than 15 percent of the total number of shares in the company at the time when the Board of Directors exercises this authorization for the first time. At least one third (1/3) of the authorization is intended to be used as payment/consideration in connection with acquisitions (in kind or through set-off), and the remainder may be used for new issues to raise capital for acquisitions. The Board utilized this authorization in June 2021 for the issue of 4,435,936 Class B shares to the sellers of Ninja Kiwi. Additionally, as a consequence of the resolutions by the Extraordinary General Meeting held on July 28, 2021 (the "July EGM") to issue and repurchase 6,194,343 Class C shares to enable delivery of consideration in the form of Class B shares or cash in accordance with MTG Gaming AB's obligations under the transaction agreements entered into with the sellers of PlaySimple, the Board decided to consider these Class C shares to have reduced the above-mentioned authorization.

For the 2021 Annual General Meeting, the Board did not seek authorization to repurchase shares.

**Articles of association**

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

For effects of transactions after the balance sheet date, please see Note 28.

# FINANCIAL POLICIES AND RISK MANAGEMENT

**Risks and uncertainties****Competitive risks**

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

**M&A deals may not be successful**

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

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

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

**Reliance on a few game titles (Gaming)**

The revenues in MTG's gaming segment are concentrated in a few highly profitable game titles (notably Forge of Empires, Word Trip, Word Jam, Bloons TD6, and F1 Clash). If the popularity of these titles among players declines, this may have a significant adverse effect on MTG's profitability. The dependency on a few game titles has decreased during 2022.

**New title releases may not succeed**

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

**Dependence on major platforms for distribution of game titles**

MTG distributes its games through third-party platforms such as Apple's App Store, Google Play, Amazon's App store, Huawei's App Gallery and the Microsoft Store. As such, MTG is dependent on these third-party platforms. Platform technical problems and adverse placement of MTG's game titles in search results and category listings by platforms' automated algorithms may reduce the

number of downloads of MTG games. This may prevent the Company from reaching its revenue and profitability goals.

**Marketing spend may not be effective**

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

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

**Dependence on third-party trademarks**

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

**Intellectual property right infringement**

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

**Reliance on talent and key employees**

MTG may not be able to attract the right talent at acceptable cost, or retain key employees. The successful design, development, marketing and monetization of games requires highly skilled input from software programmers, artists, data analysts and other experts. In conditions of heightened demand for such skills by MTG's competitors, MTG may not be able to attract or retain the



staff it needs at an acceptable cost, or at all. This may have an adverse effect on MTG's ability to release new game titles, or updates to existing games, potentially leading to shortfalls in revenue and profitability as well as user attrition.

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

#### **New entrants and consolidation in the market**

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

#### **Business interruption risks**

MTG's businesses may suffer from interruptions caused by a variety of factors.

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

#### **Tax-related risks**

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

#### **Regulatory risks**

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

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

#### **Financing risks**

Although MTG has not been reliant on external financing in 2022, it is possible that to successfully execute its strategy the group may have to borrow funds from third parties. That would expose MTG to risks associated with disruptions in the financial markets, which could make it more difficult and more expensive to obtain financing. Potential events affecting this may include geographical and macroeconomic conditions, the adoption of new regulations, the implementation of recently enacted laws, or new interpretations or enforcement of existing laws and regulations applicable to financial institutions, the financial markets, or the financial services industry, which could result in a reduction in the amount of available credit or increases in the cost of credit.

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

#### **Financial policy**

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

#### **Foreign exchange risk**

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

#### **Transaction exposure**

Transaction exposure is not hedged.

#### **Translation exposure**

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

#### **Interest rate risk**

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

#### **Refinancing risk**

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

#### **Credit risk**

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

#### **Insurable risks**

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



# GOVERNANCE AND RESPONSIBILITIES

## Corporate Governance

Corporate Governance in MTG is based on Swedish legislation, Nasdaq Stockholm's Nordic Main Market Rulebook for issuers of Shares (the "Rulebook") and the Swedish Code of Corporate Governance (the "Code"), see [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se). MTG complied with the Code and did not report any deviations from the Code in 2022. Further, there has been no infringement by MTG of applicable stock exchange rules and no breach of generally accepted principles in the securities market reported by the Disciplinary Committee of Nasdaq Stockholm or the Swedish Securities Council in 2022.

## Shareholders

For information about the ownership structure, share capital and the MTG share, please refer to the section "The MTG share" on pages 47-50.

Information regularly provided to shareholders includes interim reports and full year reports, Annual Reports and press releases on significant events occurring during the year. All such reports, press releases and other information can be found at [www.mtg.com](http://www.mtg.com) under News and under Investors/Reports & Presentations.

## Annual General Meeting

The Swedish Companies Act (2005:551) (the "Swedish Companies Act"), the Act (2020:198) on Temporary Exceptions to Facilitate the Execution of General Meetings in Companies and other Associations implemented due to the corona-pandemic (until the end of 2022), and the Articles of Association determine how Annual Gen-

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

## The Nomination Committee

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

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

In accordance with the procedure adopted by the 2019 Annual General Meeting of MTG, a Nomination Committee was convened to prepare proposals for the 2023 Annual General Meeting. The Nomination Committee comprises Christian Rauda, appointed by EHM Holding GmbH; Klaus Roehrig, appointed by Active Ownership Corporation; Joachim Spetz, appointed by Swedbank Robur Funds and Simon Duffy, the Chairman of the Board. The three shareholders who have appointed representatives to the Nomination Committee hold approximately 26 percent of the total voting rights in MTG. In line with past practices, the members of the Nomination Committee appointed Christian Rauda, representing the largest shareholder on the last business day of August 2022, as the Committee Chairman. Information about how shareholders can submit proposals to the Nomination Committee has been published on [www.mtg.com](http://www.mtg.com), where the Nomination Committee's reasoned statement regarding its proposal to the Annual General Meeting as well as a brief presentation of its work will be published well in advance of the 2023 Annual General Meeting. In its work, the Nomination Committee applies rule 4.1 of the Code as its diversity policy. Accordingly, the Nomination Committee gives particular consideration to the importance of an increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines. Further information may be found in the Nomination Committee's reasoned statement regarding the proposal for the Board which was given in connection with the 2022 Annual General Meeting.

## The Board of Directors

Board members are elected at the Annual General Meeting for a period ending at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to the eligibility of Board members. According to the Articles of Association, the number of Board members can be no less than three and no more than nine members elected by shareholders. The Board of Directors of MTG comprises eight Non-Executive Directors. The members of the Board of Directors are Simon Duffy, Natalie Tydeman, Gerhard Florin, Marjorie Lao, Chris Carvalho, Dawn Hudson, Simon Leung and Florian Schuhbauer. At the 2022 Annual General Meeting, Simon Duffy, Gerhard Florin, Natalie Tydeman, Marjorie Lao, Chris Carvalho, Dawn Hudson and Simon Leung were re-elected as Board members and Florian Schuhbauer was elected as a new Board member. The Annual General Meeting further elected Simon Duffy as Chairman of the Board of Directors. In 2022, the Board of Directors of MTG complied with the Code's provision that the majority of members shall be independent in relation to the company and its management, and that at least two of them also shall be independent in relation to the company's major shareholders (i.e. those with a holding exceeding 10 percent). Biographical information on each Board member is provided on pages 58-60.

## Responsibilities and Duties of the Board of Directors

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

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

## The work of the Board

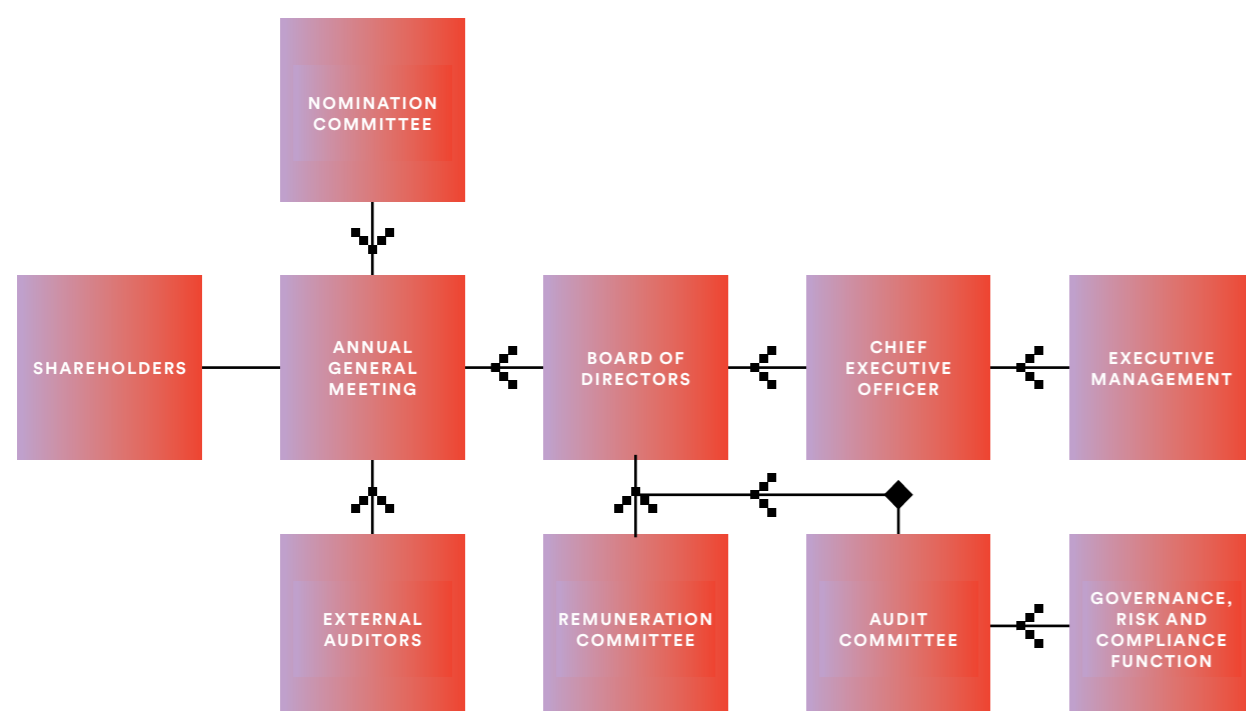
During the year, the Board of Directors held 12 meetings (including the constituent meeting in connection with the 2022 Annual General Meeting but excluding meetings held by circulating minutes). Prior to each ordinary Board meeting, the members receive a written agenda, based on the Board's established rules of procedure, and a complete set of documents for information and decision-making. Recurring items include the company's financial results and position, the market situation, investments and adoption of the financial statements. Reports from the Audit and Remuneration Committees, as well as reports on internal control and financing activities, are also regularly addressed. The Chief Executive Officer presents matters for discussion at the meetings, and the Company's CFO and other members of management also participate and present specific matters. The Group General Counsel is the Board's secretary. The attendance of Board members at Board and committee meetings is presented in the table on page 60. Important issues addressed during the year include strategic and financial matters, with a particular focus on M&A and shareholder value return.

## Ensuring Quality in Financial Reporting

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

## Evaluation of the Board of Directors and the Chief Executive Officer

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





### Remuneration Committee

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

### Audit Committee

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

### Remuneration of Board Members

The remuneration to the Board members for Board work and work in the committees of the Board is proposed by the Nomination Committee and approved by the Annual General Meeting. The Nomination Committee proposal is based on benchmarking of peer group company compensation and company size. Information on the remuneration to Board members is provided in Note 23. Board members do not participate in the group's incentive plans.

### External Auditors

KPMG was elected as MTG's auditor for the financial year 2022 for a term of office ending at the end of the 2023 Annual General Meeting with Authorized Public Accountant Helena Nilsson being re-appointed as auditor-in-charge. Audit assignments have involved the examination of the Annual Report and financial accounting, the administration by the Board and the CEO, other tasks related to the duties of a company auditor, and consultation or other services that may result from observations noted during such examination or the implementation of such other tasks. All other tasks are defined as other assignments. The auditor reports its findings to the shareholders by means of the auditors' report, which is presented to the Annual General Meeting. In addition, the auditors' report detailed findings at each of the ordinary meetings of the Audit Committee and to the full Board as necessary. KPMG provided certain additional services in 2022. These services comprised work in relation to the company's share repurchase programs, the share exchange concerning the shares in MTG Gaming AB previously not owned by MTG, tax compliance work, advice on accounting issues, and advice on processes and internal controls and other assignments of a similar kind and closely related to the auditing process. For more detailed information concerning the auditors' fees, see Note 24.

### Pre-approval of Policies and Procedures

#### for Non-audit related Services

In order to ensure the auditor's independence, the Audit Committee has established pre-approval policies and procedures for non-audit related services to be performed by the external auditor. The policy was approved in November 2022 by the Audit Committee.

### Executive Management

At year-end 2022, the members of the Executive Management in MTG included Chief Executive Officer Maria Redin, Chief Financial Officer Lasse Pilgaard, EVP Gaming Arnd Benninghoff and Group General Counsel Johan Levinsson. Lars Torstensson, the former Chief Financial Officer, resigned from his position in May 2022. Additionally, in February 2023, MTG announced that Lasse Pilgaard has resigned as Chief Financial Officer to explore opportunities closer to his family and home in Copenhagen, Denmark. Biographical information, including shareholding as of 31 December 2022, on each member of the Executive Management Team is provided on page 61.

### Chief Executive Officer

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

### Executive remuneration

The existing guidelines for remuneration to senior executives approved at the 2021 Annual General Meeting can be found in Note 23 for the group. These guidelines apply to the Executive Management Team.

For further information on certain remuneration matters, reference is made to the Board of Directors' 2022 Remuneration Report, which is available on [www.mtg.com](http://www.mtg.com)

# INTERNAL CONTROL REPORT

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

### Control environment

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

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

### Risk assessment and control activities

The Company has assessed risks in all group companies, segments and business units following a structured methodology. Where risk exposure has been deemed unacceptable by the management, risk mitigation measures have been formulated and implemented. A summary of the key risks is presented annually to the Board of Directors and the Audit Committee. Overall coordination of the risk management process is provided centrally by the group's governance, risk and compliance function. The main risks for gaming companies are regarding availability of staff with specific skills, tightening restrictions on the use of personal data, dependence on large content distribution platforms, and the ability to launch successful new titles. Operational managers are responsible for risk management in the group's companies, segments and business units. This responsibility encompasses the day-to-day work focused on operational and other relevant risks and on leading risk management activities in their own areas of responsibility. The managers are supported in their risk management efforts by central group functions, as needed.

### Information and communication

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

### Review

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

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

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

### Internal Audit

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



# BOARD OF DIRECTORS



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

Simon was Executive Chairman of Tradus plc until the company's sale in March 2008 and Executive Vice-Chairman of ntl:Telewest until 2007, having joined ntl in 2003 as CEO. Simon has also served as CFO of Orange SA, CEO of wireless data specialist End2End AS, CEO and Deputy Chairman of WorldOnline International BV and Deputy Chairman and CFO of EMI Group plc. Simon is the Non-Executive Chairman of You-View TV Ltd and a Non-Executive Director of Viaplay Group AB and of Avianca Group International Limited. He also serves as the Chair of the Board of Governors of Manchester Metropolitan University. Simon holds a Master's degree from

Oxford University and an MBA from Harvard Business School.

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

Direct or related party ownership: 15,000 MTG Class B shares per December 31, 2022.



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

Gerhard has spent over 25 years in the entertainment and gaming industry. Gerhard previously served on the Boards of Codemasters plc, Funcom, Kobojo and King Digital Entertainment, and was Chairman of the latter between 2014 and 2016. Between 2006 and 2010, Gerhard served as an Executive Vice President and General Manager of Publishing at Electronic Arts, being responsible for the company's worldwide publishing business, prior to which he held various positions in Electronic Arts' German and British operations. Before joining Electronic Arts, Gerhard worked at Bertelsmann Music Group and McKinsey.

Gerhard is currently Chairman of the Board of InnoGames GmbH (a MTG subsidiary). Gerhard holds Masters and PhD degrees in Macro Economics from the University of Augsburg in Germany.

Chairman of the Remuneration Committee.

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

Direct or related party ownership: 6,680 MTG Class B shares per December 31, 2022.



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

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

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

Member of the Audit Committee.

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

Direct or related party ownership: 2,500 MTG Class B shares per December 31, 2022



**Marjorie Lao**  
Non-Executive Director  
Filipino, born 1974  
Elected 2020

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

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

Chairman of the Audit Committee.

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

Direct or related party ownership: 0 MTG shares per December 31, 2022.



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

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

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

Member of the Remuneration Committee.

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

Direct or related party ownership: 2,630 MTG Class B shares per December 31, 2022.



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

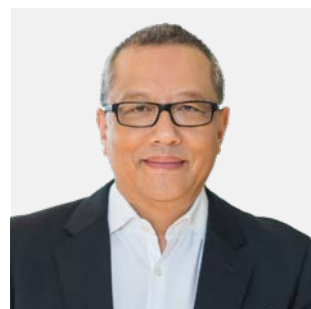
Natalie is a Senior Investment Director at Kinnevik AB (publ), focused on investing in growth stage technology businesses, and sits on the boards of the following Kinnevik portfolio companies (Betterment, Jobandtalent and Vay). Prior to Kinnevik, Natalie spent 8 years as a Partner and then Senior Partner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

activities as Senior Vice President. Natalie is also a Non-Executive Director of Viaplay Group AB. Natalie holds a Bachelor of Arts in Mathematics from the University of Oxford and an MBA from Harvard Business School.

Member of the Remuneration Committee.

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

Direct or related party ownership: 1,342 MTG Class B shares per December 31, 2022.



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

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

family interactive entertainment company; and Promethean World Limited, an interactive technology company focused on the education sector. Simon received his Bachelor of Arts degree and an Honorary Doctorate in laws from the University of Western Ontario, Canada in 1978 and 2005, respectively, and a Doctorate in Business Administration from Hong Kong Polytechnic University in 2007.

Member of the Audit Committee.

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

Direct or related party ownership: 0 MTG shares per December 31, 2022.



**Florian Schuhbauer**  
Non-Executive Director  
German, born 1975  
Elected 2022

Florian Schuhbauer is Co-CIO and a Founding Partner of AOC. Florian started his career at Dresdner Kleinwort Benson with positions in risk management and equity research. He then co-founded Newtron AG, a software company that optimized strategic purchasing processes. Following the sale of Newtron, he became CFO and Executive Vice President of DHL Global Mail in the US, a subsidiary of Deutsche Post AG. After leaving DHL he joined General Capital Group / Active Value Investors where he focused on deploying a Private Equity approach on public companies, and later joined Triton Partners where he built up the Public Equity practice before founding AOC. Throughout his career Florian has had extensive board experience and currently serves as

the Deputy Chairman of the Board of Vita 34 AG, and a Member of the Board Directors and Chair of the Audit Committee of NFO AG. Florian graduated from the Frankfurt School of Finance and Management with a Master in Finance and Business Administration.

Member of the Audit Committee.

Independent of the Company and management, not independent of the major shareholders.

Direct or related person ownership: 11,816,637 MTG Class B shares per December 31, 2022 (closely related person's ownership).

**Board of Directors and attendance at Board and Committee meetings 1 January 2022 – 31 December 2022**

Board of Directors	Board meeting attendance <sup>1)</sup>	Audit Committee attendance <sup>2)</sup>	Remuneration Committee attendance <sup>3)</sup>	Independent of major shareholders	Independent of company and its management
Simon Duffy	12/12	-	-	Yes	Yes
Natalie Tydeman	11/12	-	4/4	Yes	Yes
Gerhard Florin	11/12	-	4/4	Yes	Yes
Marjorie Lao	12/12	7/7	-	Yes	Yes
Chris Carvalho	12/12	7/7	-	Yes	Yes
Dawn Hudson	10/12	-	3/4	Yes	Yes
Simon Leung	12/12	7/7	-	Yes	Yes
Florian Schubauer <sup>4)</sup>	7/12 (since appointment, 7/7)	4/7 (since appointment, 4/4)	-	No	Yes

1) The total number of meetings of the Board of Directors during 2022 were 12 (including the constituent meeting following the Annual General Meeting held 8 June 2022 but excluding meetings held by circulating minutes), of which 5 were held prior to the 2022 Annual General Meeting and 7 were held following the 2022 Annual General Meeting.  
2) The total number of meetings of the Audit Committee during 2022 were 7, of which 3 were held prior to the 2022 Annual General Meeting and 4 were held following the 2022 Annual General Meeting.  
3) The total number of meetings of the Remuneration Committee during 2022 were 4, of which 2 were held prior to the 2022 Annual General Meeting and 2 were held following the 2022 Annual General Meeting.  
4) Florian Schuhbauer was elected as new Director of the Board of Directors at the Annual General Meeting held on 8 June 2022 and could therefore only attend a maximum of 7 Board of Directors meetings and 4 Audit Committee meetings, respectively, during 2022.

# GROUP MANAGEMENT



**Maria Redin**  
CEO

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

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

Direct or related party ownership: 27,419 MTG Class B shares and 58,284 warrants of series 2019/2022 as per December 31, 2022.



**Lasse Pilgaard**  
CFO

Lasse joined MTG in April 2022 and most recently served as CFO at TDC Group, the largest Danish telecoms company. During his six years at TDC Group, he has held multiple senior management positions, drove the stabilization of the business and executed on the separation of TDC Group into two standalone businesses. Prior to that he has served in multiple roles within the Nordic tech scene such as

COO at AutoButler and Investment Manager at Creandum, the leading Nordic venture capital firm. Lasse started his career at McKinsey and Company after obtaining a master's degree in Business and Economics from Aarhus University.

Direct or related party ownership 28,700 MTG Class B shares as per December 31, 2022.

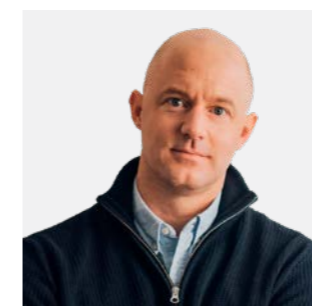


**Arnd Benninghoff, EVP**  
EVP Gaming

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

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

Direct or related party ownership: 27,700 MTG Class B shares as per December 31, 2022.



**Johan Levinsson**  
Group General Counsel

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

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



# FINANCIAL REPORTS

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# CONSOLIDATED INCOME STATEMENT

(SEK million)	Note	2022	2021
<b>Continuing operations</b>			
Net sales	3	5,537	3,931
Cost of goods and services		-1,523	-1,567
<b>Gross income</b>		<b>4,014</b>	<b>2,364</b>
Selling expenses		-2,215	-1,014
Administrative expenses		-1,278	-845
Other operating income	5	44	11
Other operating expenses	5	-7	-3
Share of earnings in associated companies	6	0	-1
<b>Operating income</b>	3, 4, 5, 9, 10, 21, 23, 24, 26	<b>558</b>	<b>513</b>
Net interest	7	54	-24
Other financial items	7	-114	-533
<b>Income before tax</b>		<b>498</b>	<b>-43</b>
Tax expenses	8	-246	-204
<b>Net income for the year, continuing operations</b>		<b>252</b>	<b>-248</b>
<b>Discontinued operations</b>			
	27		
Esport		6,223	-207
<b>Net income for the year, discontinued operations</b>		<b>6,223</b>	<b>-207</b>
<b>Total net income for the year</b>		<b>6,475</b>	<b>-454</b>
<b>Net income for the year, continuing operations, attributable to:</b>			
Equity holders of the parent company		356	-193
Non-controlling interest		-105	-54
<b>Total net income for the year, continuing operations</b>		<b>252</b>	<b>-248</b>
<b>Total net income for the year, attributable to:</b>			
Equity holders of the parent company		6,579	-400
Non-controlling interest		-105	-54
<b>Total net income for the year</b>		<b>6,475</b>	<b>-454</b>
<b>Continuing operations</b>			
Basic earnings per share (SEK)	14	2.70	-1.86
Diluted earnings per share (SEK)	14	2.69	-1.86
<b>Total operations</b>			
Total basic earnings per share (SEK)	14	56.26	-3.85
Total diluted earnings per share (SEK)	14	56.06	-3.85
<b>Number of shares<sup>1)</sup></b>			
Shares outstanding at the end of the period		123,731,164	110,385,832
Basic average number of shares outstanding	14	116,950,340	103,786,751
Diluted average number of shares outstanding	14	117,355,207	103,942,052

1) Retrospectively adjusted due to rights issue.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK million)	Note	2022	2021
Net income for the year, continuing operations		252	-248
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified to profit or loss net of tax:</i>			
Change in currency translation differences, continuing operations	15	791	704
<b>Other comprehensive income, continuing operations</b>		<b>791</b>	<b>704</b>
<b>Total comprehensive income, continuing operations</b>		<b>1,042</b>	<b>456</b>
Net income for the year, discontinued operations	27	6,223	-207
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified to profit or loss net of tax:</i>			
Change in currency translation differences, discontinued operations	15	51	0
<b>Total comprehensive income, discontinued operations</b>		<b>6,274</b>	<b>-207</b>
<b>Total comprehensive income for the year</b>		<b>7,317</b>	<b>250</b>
<b>Attributable to:</b>			
Equity holders of the parent company		7,402	160
Non-controlling interest		-85	90
<b>Total comprehensive income for the year</b>		<b>7,317</b>	<b>250</b>

# CONSOLIDATED BALANCE SHEET

(SEK million)	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>	9		
Capitalized expenditure		1,157	1,391
Trademarks		782	1,271
Customer relations		471	632
Goodwill		10,285	11,032
<b>Total intangible assets</b>		<b>12,695</b>	<b>14,326</b>
<i>Property, plant and equipment</i>	10		
Machinery		-	20
Equipment, tools and installations		58	99
<b>Total tangible assets</b>		<b>58</b>	<b>119</b>
Right-of-use assets	21	65	123
<i>Non-current financial assets</i>	11		
Shares and participations in associated companies		1	22
Shares and participations in other companies		408	481
Other non-current receivables		66	68
<b>Total non-current financial assets</b>		<b>474</b>	<b>570</b>
Deferred tax assets	8	134	243
<b>Total non-current assets</b>		<b>13,427</b>	<b>15,381</b>
<b>Current assets</b>			
<i>Inventories</i>			
Finished goods and merchandise		-	10
<b>Total inventories</b>		<b>-</b>	<b>10</b>
<i>Current receivables</i>			
Accounts receivable	12	436	754
Tax receivables		17	30
Other receivables, non interest-bearing		62	120
Prepaid expenses and accrued income		93	197
<b>Total current receivables</b>		<b>608</b>	<b>1,102</b>
Cash and cash equivalents		4,733	943
<b>Total current assets</b>		<b>5,341</b>	<b>2,054</b>
<b>Total assets</b>		<b>18,769</b>	<b>17,436</b>



(SEK million)	Note	Dec 31, 2022	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital		670	585
Paid-in capital		7,109	5,705
Translation reserve		1,266	300
Revaluation reserve		-12	-12
Retained earnings including net income for the year		4,901	1,424
<b>Total equity attributable to equity holders of the parent company</b>		<b>13,934</b>	<b>8,002</b>
<b>Non-controlling interest</b>			
Non-controlling interest		-	1,921
<b>Total equity</b>		<b>13,934</b>	<b>9,923</b>
<b>Non-current liabilities</b>			
<i>Interest-bearing</i>			
Liabilities to financial institutions		-	900
Lease liabilities	21	32	83
<b>Total non-current interest-bearing liabilities</b>		<b>32</b>	<b>983</b>
<i>Non-interest bearing</i>			
Deferred tax liabilities	8	516	784
Provisions	16	104	171
Contingent consideration	19	1,409	1,994
<b>Total non-current non-interest-bearing liabilities</b>		<b>2,030</b>	<b>2,949</b>
<b>Total non-current liabilities</b>		<b>2,062</b>	<b>3,932</b>
<b>Current liabilities</b>			
<i>Interest-bearing</i>			
Liabilities to financial institutions		-	1,000
Lease liabilities	21	34	42
Other interest-bearing liabilities <sup>1)</sup>		707	743
<b>Total current interest-bearing liabilities</b>		<b>741</b>	<b>1,785</b>
<i>Non-interest-bearing</i>			
Advances from customers		-	13
Accounts payable	19	211	483
Tax liabilities		48	26
Provisions	16	58	7
Contingent consideration	19	1,293	325
Other liabilities		57	122
Accrued expenses and deferred income		363	820
<b>Total current non-interest-bearing liabilities</b>		<b>2,031</b>	<b>1,796</b>
<b>Total current liabilities</b>		<b>2,773</b>	<b>3,581</b>
<b>Total liabilities</b>		<b>4,835</b>	<b>7,513</b>
<b>Total equity and liabilities</b>		<b>18,769</b>	<b>17,436</b>

1) Liability for acquisition of the remaining 23% of PlaySimple SEK 707 (743) million.

For information about pledged assets and contingent liabilities, see Note 21.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK million)	Equity attributable to the equity holders of the parent company							
	Share capital	Paid-in capital	Translation reserve	Revaluation reserve	Retained earnings incl. net income for the year	Total	Non-controlling interest	Total equity
<b>Balance as of January 1, 2021</b>	<b>338</b>	<b>1,783</b>	<b>-260</b>	<b>-12</b>	<b>1,991</b>	<b>3,841</b>	<b>1,375</b>	<b>5,216</b>
Net income for the year					-400	-400	-54	-454
Other comprehensive income			560			560	143	704
<b>Total comprehensive income for the year 2021</b>			<b>560</b>		<b>-400</b>	<b>160</b>	<b>90</b>	<b>250</b>
Capital injection and change from non-controlling interest, Gaming					-143	-143	457	314
New share issue	247	3,921				4,168		4,168
Repurchase of shares					-32	-32		-32
Effect of employee share programs					8	8		8
<b>Balance as of December 31, 2021</b>	<b>585</b>	<b>5,705</b>	<b>300</b>	<b>-12</b>	<b>1,424</b>	<b>8,002</b>	<b>1,921</b>	<b>9,923</b>
<b>Balance as of January 1, 2022</b>	<b>585</b>	<b>5,705</b>	<b>300</b>	<b>-12</b>	<b>1,424</b>	<b>8,002</b>	<b>1,921</b>	<b>9,923</b>
Net income for the year					6,579	6,579	-105	6,475
Other comprehensive income			823			823	19	842
<b>Total comprehensive income for the year 2022</b>	<b>-</b>	<b>-</b>	<b>823</b>	<b>-</b>	<b>6,579</b>	<b>7,402</b>	<b>-85</b>	<b>7,317</b>
New share issue with payment in kind in the form of non-controlling interest holders' shares in subsidiaries	90	1,404	143		60	1,697	-1,697	0
Sale of Esport					0	0	-138	-138
Redemption of shares	-292				-2,441	-2,733		-2,733
Bonus issue	292				-292	0		0
Repurchase of shares					-450	-450		-450
Employee programs					16	16		16
Reduction of share capital	-5				5	0		0
<b>Balance as of December 31, 2022</b>	<b>670</b>	<b>7,109</b>	<b>1,266</b>	<b>-12</b>	<b>4,901</b>	<b>13,934</b>	<b>0</b>	<b>13,934</b>

For information about changes in equity for the group, see Note 15.

# CONSOLIDATED STATEMENT OF CASH FLOW

(SEK million)	Note	2022	2021
<b>Operating activities</b>			
Net income for the year		252	-454
Adjustments to reconcile net income/loss to net cash provided by operations	20	1,195	1,073
<b>Income before tax adjusted for items not included in cash flow, continuing operations</b>		<b>1,447</b>	<b>619</b>
<b>Taxes paid</b>		<b>-408</b>	<b>-286</b>
<i>Changes in working capital</i>			
Increase (-)/decrease (+) other current receivables		-45	-174
Increase (+)/decrease (-) accounts payable		-151	186
Increase (+)/decrease (-) other current liabilities		25	-40
<b>Total change in working capital</b>		<b>-171</b>	<b>-27</b>
<b>Cash flows from operating activities, continuing operations</b>		<b>868</b>	<b>306</b>
<b>Investing activities</b>			
Investment in other non-current assets		-234	-252
Acquisitions of subsidiaries	26	-62	-2,799
Acquisitions of other investments		-23	-29
Earn-out payments		-317	-260
Other cash flow from/used in investing activities		-	-32
<b>Cash flow from/used in investing activities, continuing operations</b>		<b>-636</b>	<b>-3,372</b>
<b>Financing activities</b>			
New borrowings	19	100	1,900
Loan repayments	19	-2,000	-1,800
Repayment vendor note		-	-1,142
New share issue		-	3,605
Payment share redemption		-2,733	-
Capital injection from non-controlling interest		-	314
Repurchase of shares		-443	-
Decrease of other long-term interest-bearing receivables		-16	-14
Lease payments		-35	-47
Repayment of loans from discontinued operations		154	-
<b>Cash flow from/used in financing activities, continuing operations</b>		<b>-4,974</b>	<b>2,815</b>
<b>Net change in cash, continuing operations</b>		<b>-4,741</b>	<b>-251</b>
<b>Net change in cash, discontinued operations</b>	27	<b>8,459</b>	-
<b>Cash flow from the year</b>		<b>3,717</b>	<b>-251</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>943</b>	<b>1,153</b>
Translation differences in cash and cash equivalents		74	41
Change in cash and cash equivalents reclassified to assets held for sale		-	-
<b>Cash and cash equivalents at end of year</b>		<b>4,733</b>	<b>943</b>

# PARENT COMPANY INCOME STATEMENT

(SEK million)	Note	2022	2021
Net sales		40	15
<b>Gross income</b>		<b>40</b>	<b>15</b>
Administrative expenses		-218	-121
<b>Operating loss</b>	23, 24	<b>-178</b>	<b>-106</b>
Profit from shares in subsidiaries	7	7,647	0
Interest income and other financial income	7	218	17
Interest expenses and other financial costs	7	-159	-27
<b>Income before tax and appropriations</b>		<b>7,527</b>	<b>-117</b>
Group contribution		233	-21
Untaxed reserves, tax allocation reserve		-9	43
<b>Income before tax</b>		<b>7,752</b>	<b>-94</b>
Tax expenses	8	-6	-
<b>Net income for the year</b>		<b>7,746</b>	<b>-94</b>

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



# PARENT COMPANY BALANCE SHEET

(SEK million)	Note	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>	9		
Capitalized expenditure		-	0
<b>Total intangible assets</b>		-	<b>0</b>
<i>Property, plant and equipment</i>	10		
Equipment, tools and installations		1	2
<b>Total tangible assets</b>		<b>1</b>	<b>2</b>
<i>Non-current financial assets</i>			
Shares and participations in group companies	11	22,463	11,372
<b>Total non-current financial assets</b>		<b>22,463</b>	<b>11,372</b>
<b>Total non-current assets</b>		<b>22,464</b>	<b>11,374</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from group companies		598	252
Tax receivables		0	1
Other receivables		9	8
Prepaid expense and accrued income	13	15	4
<b>Total current receivables</b>		<b>622</b>	<b>265</b>
Cash and cash equivalents		3,625	167
<b>Total current assets</b>		<b>4,247</b>	<b>432</b>
<b>Total assets</b>		<b>26,711</b>	<b>11,806</b>

(SEK million)	Note	Dec 31, 2022	Dec 31, 2021
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	15		
<i>Restricted equity</i>			
Share capital		670	585
<b>Total restricted equity</b>		<b>670</b>	<b>585</b>
<i>Non-restricted equity</i>			
Premium reserve		5,677	4,273
Retained earnings		1,666	4,915
Net income for the year		7,746	-94
<b>Total non-restricted equity</b>		<b>15,089</b>	<b>9,094</b>
<b>Total shareholders' equity</b>		<b>15,759</b>	<b>9,679</b>
Untaxed reserves, tax allocation reserve		9	-
<b>Non-current liabilities</b>			
<i>Interest-bearing</i>	19		
Liabilities to financial institutions		-	900
<b>Total non-current interest-bearing liabilities</b>		<b>-</b>	<b>900</b>
<i>Non-interest bearing</i>			
Provisions		7	-
<b>Total non-current non-interest-bearing liabilities</b>		<b>7</b>	<b>-</b>
<b>Total non-current liabilities</b>		<b>7</b>	<b>900</b>
<b>Current liabilities</b>			
<i>Interest-bearing</i>			
Liabilities to group companies		10,502	185
Liabilities to financial institutions	19	-	1,000
<b>Total current interest-bearing liabilities</b>		<b>10,502</b>	<b>1,185</b>
<i>Non-interest-bearing</i>			
Accounts payable		6	14
Liabilities to group companies		373	-
Tax payables		4	-
Other liabilities		8	3
Accrued expense and deferred income	17	43	25
<b>Total current non-interest-bearing liabilities</b>		<b>434</b>	<b>42</b>
<b>Total current liabilities</b>		<b>10,936</b>	<b>1,227</b>
<b>Total liabilities</b>		<b>10,952</b>	<b>2,127</b>
<b>Total shareholders' equity and liabilities</b>		<b>26,711</b>	<b>11,806</b>

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(SEK million)	Restricted equity		Non-restricted equity		Total
	Share capital	Premium reserve	Retained earnings incl. net income for the year		
<b>Balance as of January 1, 2021</b>	<b>338</b>	<b>351</b>	<b>4,947</b>		<b>5,637</b>
Net income for the year	-	-	-94		<b>-94</b>
Other comprehensive income	-	-	-		-
<b>Total comprehensive income for the year 2021</b>	<b>-</b>	<b>-</b>	<b>-94</b>		<b>-94</b>
New share issue	247	3,921	-		<b>4,168</b>
Repurchase of shares	-	-	-32		<b>-32</b>
<b>Balance as of December 31, 2021</b>	<b>585</b>	<b>4,273</b>	<b>4,821</b>		<b>9,679</b>
Net income for the year	-	-	7,746		<b>7,746</b>
Other comprehensive income	-	-	-		<b>0</b>
<b>Total comprehensive income for the year 2022</b>	<b>-</b>	<b>-</b>	<b>7,746</b>		<b>7,746</b>
New share issue with payment in kind in the form of non-controlling interest holder's shares in subsidiaries	90	1,404	-		<b>1,494</b>
Redemption of shares	-292	-	-2,441		<b>-2,733</b>
Bonus issue	292	-	-292		<b>0</b>
Repurchase of shares	-	-	-450		<b>-450</b>
Employee programs	-	-	23		<b>23</b>
Reduction of share capital	-5	-	5		<b>0</b>
<b>Balance as of December 31, 2022</b>	<b>670</b>	<b>5,677</b>	<b>9,411</b>		<b>15,759</b>

For information about changes in equity for the Parent company, see Note 15.

# PARENT COMPANY CASH FLOW STATEMENT

(SEK million)	Note	2022	2021
<b>Cash flows from operating activities</b>	20		
Net income for the year		7,746	-94
<i>Adjustments to reconcile net income/loss to net cash provided by operations:</i>	9, 10		
Depreciation and write-downs		1	1
Appropriations, group contribution and untaxed reserves		-219	-22
Unrealised exchange difference		-122	2
Dividends		-26,430	-
Impairment		18,783	-
Other adjustments		24	3
<b>Total adjustments to reconcile net income/loss to net cash provided by operations</b>		<b>-7,962</b>	<b>-18</b>
<b>Cash flow from operations</b>		<b>-216</b>	<b>-112</b>
<i>Changes in working capital</i>			
Increase (-)/decrease (+) short-term receivables		-594	99
Increase (+)/decrease (-) accounts payable		-4	-1
Increase (+)/decrease (-) other liabilities		358	-2
<b>Total changes in working capital</b>		<b>-240</b>	<b>97</b>
<b>Net cash flow from operations</b>		<b>-456</b>	<b>-14</b>
<b>Investing activities</b>			
Investment in subsidiaries		-1,950	-3,559
Investment in non-current assets		-1	-1
<b>Cash flows from investing activities</b>		<b>-1,951</b>	<b>-3,560</b>
<b>Financing activities</b>			
Receivables/liabilities from group companies		10,944	-478
New share issues		-	3,605
New borrowings		100	1,900
Loan repayment		-2,000	-1,800
Repurchase of shares		-443	-
Payment share redemption		-2,733	-
Other adjustments		-2	-2
<b>Cash flows from financing activities</b>		<b>5,866</b>	<b>3,225</b>
<b>Cash flows from the year</b>		<b>3,459</b>	<b>-349</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>167</b>	<b>516</b>
<b>Cash and cash equivalents at end of year</b>		<b>3,625</b>	<b>167</b>



# NOTES

## 1 Accounting and valuation principles

Modern Times Group MTG AB (MTG) is a company domiciled in Sweden. The Company's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. The consolidated financial statements of the Company for the year ended 31 December 2022 comprise the Company and its subsidiaries and their share of participation in associated companies.

The financial statements were authorized for issue by the Board of Directors on April 11, 2023. The consolidated income statement and statement of financial position, and the income statement and the balance sheet of the parent company will be presented for adoption by the Annual General Meeting on May 17, 2023.

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

The consolidated accounts have been prepared based on the acquisition values, except for certain financial assets and liabilities that are stated at fair value; contingent considerations, shares and participations in other companies and derivative financial instruments. For shares and participations in other companies, acquisition cost is initially considered to be a representative estimate of fair value. Subsequently, values are remeasured at fair value and gains/losses recognized when there is subsequent financing through participation by a third party investor, in which case the price per share in that financing is used, when there is a realized exit or when there are indications that cost is not representative of fair value and sufficient, more recent information is available to measure fair value. Listed holdings are valued at the current share price. For contingent consideration the expected future values are discounted to present value. The discount rate is risk-adjusted. The most critical parameters are estimated future revenue growth and future operating margin.

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

### Change in accounting principles and new accounting standards

The group's consolidated accounts have been prepared according to the same accounting policies and calculation methods as were applied in the preparation of the 2021 Annual Report.

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

### Consolidated accounts

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

### Subsidiaries

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

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

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

### Non-controlling interest

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

### Associated companies

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

### Functional currency and reporting currency

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

### Financial statements of foreign operations

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

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

### Discontinued operations

Discontinued operations refer to companies that have been disposed. Result and cash flow from discontinued operations are presented separate from result and cash flow from continued operations. During the year have ESL Gaming and our esports vertical been reported as discontinued operations.

Comparative numbers for income statement have been restated. Comparative numbers for balance sheet and cash flow items in this report have not been restated for the divestment of the esports business.

### Pure-Play Gaming Group and segment reporting

MTG completed the divestment of ESL Gaming to Savvy Gaming Group in April 2022, and became a pure-play gaming group. As a result, MTG now comprises a single business segment and all of its commercial operations are conducted by its various portfolio companies. MTG manages the portfolio companies and provides group-wide central functions and MTG's revenues primarily comprise the combined revenues generated by its five gaming studios.

MTG's business is conducted by its portfolio companies and the group monitors the performance of both gaming franchises and individual games. The group tracks revenues for games and franchises closely. At the same time, not all cost are allocated on the basis of a game or game franchise. As a result, MTG's financial position and operational results cannot be presented in segments in a way that would help external stakeholders to improve their analysis of the group.

The monitoring and management of the group are based on the group's overall financial position because it's not possible to allocate all operations into segments that are meaningful from a monitoring and/or management perspective. As a result, MTG now treats all of its operations as a single segment.

### Parent company

The Parent company has prepared the Annual Report according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. RFR 2 involves the application of all IFRSs and interpretations endorsed by the European Commission, except where the possibility to apply IFRS is restricted by the Swedish Companies Act and due to tax rules. Holdings in subsidiaries are recognized in the Parent Company according to the acquisition method, which means that the transaction costs are included in the recognized value of shares in subsidiaries. The group recognizes these costs in the income statement immediately when occurred.

### Group contributions

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

### Untaxed reserves

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

### Shareholders' contribution

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

### Leases

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

### Rounding differences

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

## 2 Accounting estimates and judgements

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

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

### Key sources of estimation uncertainty

Note 9 Intangible assets and 26 Acquired operations contain information of the assumptions and the risk factors relating to goodwill impairment. Litigations and provisions made are reported in Note 16.

### Goodwill and other intangible assets

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

Goodwill and intangible assets with indefinite useful lives are subject to impairment testing yearly or when triggered by events. The impairment testing requires management to determine the recoverable amount of the cash-generating units on the basis of cash flow projections and internal forecasts and business plans. For further information, see Note 9 Intangible assets.

### Valuation of assets at fair value

The fair value of shares in other companies is initially measured at acquisition cost, which is considered to be a representative estimate of fair value. Subsequently, values are remeasured at fair value and gains/losses recognized when there is a subsequent financing with participation by a third party investor, in which case the price per share in that financing is used, when there is a realized exit or when there are indications that cost is not representative of fair value and sufficient more recent information is available to measure fair value. Listed holdings are valued at the current share price.

### Valuation of liabilities at fair value

The calculation of fair values of contingent considerations are based on terms defined in agreements set up in connection with the acquisitions. The valuations are usually based on projections and forecasts of future revenues and operating margin. The outcome of revenues and operating margin could deviate from projections and forecast, and, as a result of this, affect the valuation. This deviation would impact the income for the period and the financial position.

### Provisions and contingent liabilities

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

The group regularly reviews significant outstanding litigations in order to assess the need for provisions. Factors considered include the nature of the litigation, claims, legal processes and potential level of damages, the opinions and views of the legal counselors, and the management's intentions to respond to the litigations or claims. If the estimates and judgements do not reflect the actual outcome, this could materially affect the income for the period and the financial position. For further information, see Note 16 Provisions.

## 3 Revenue accounting

### Revenue recognition

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

### Online gaming revenue

In the Online gaming business the Group offers both own and third party games. The customer creates an account on the relevant website and the contract is created once the terms have been accepted by the customer. The games can either be free-to-play, with income generated from in-game virtual goods, or the customers can purchase the game. The contracts are made on a one-by-one basis. There are different in-game goods – consumables (instant usage), durable goods (usage over time), time-based goods (usage during a specific period) and hard currency items (in-game currency wallet, allowing the player to purchase goods). Consumables are judged to be consumed and used immediately when purchased. Durables are judged to be consumed over a period of time, based on statistics of consumer behavior for each game. Time-based goods are specific to the periods during which customer can use the goods. The performance obligations are distinct and separately identifiable with prices allocated to each performance obligation. When the customer purchases a game, the revenue is recognized at a point in time. Subscription revenue is recognized over the time of the subscription period.

### Other

Other revenue consist mainly of advertising revenue, recognized over time.

### Significant judgement in revenue recognition

#### Agent or principal

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

### Disaggregation of revenue

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

Group (SEK million)	2022	2021
<b>Timing of revenue recognition</b>		
At a point in time	4,285	3,541
Over time	1,251	390
<b>Total revenue</b>	<b>5,537</b>	<b>3,931</b>

Group (SEK million)	2022	2021
<b>Revenue generated by platform</b>		
Mobile	4,048	2,594
Browser	1,083	1,185
Other	405	152
<b>Total revenue</b>	<b>5,537</b>	<b>3,931</b>

Group (SEK million)	2022	2021
<b>Revenue by franchises</b>		
Strategy & Simulation	1,710	1,727
Word Games	2,015	609
Tower Defense	510	270
Racing	683	647
Other smaller franchises	619	678
<b>Total revenue</b>	<b>5,537</b>	<b>3,931</b>

### Contract liability

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

Group (SEK million)	2022	2021
Opening balance 1 January	227	157
Net change in contract liability during the year	-102	70
<b>Closing balance 31 December</b>	<b>125</b>	<b>227</b>

Contract liabilities reported at the beginning of 2022 and 2021 has been recognised as revenue during each year.

### Unsatisfied performance obligations

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



Note 3 continues

The Group operates in Europe, Singapore, USA, India and New Zealand. Net sales and non-current assets are shown below by geographical area. Non-current assets constitute intangible and tangible assets. Sales are shown per country from which the revenues are derived.

(SEK million)	Net sales		Non-current assets	
	2022	2021	2022	2021
Germany	1,997	2,028	2,667	2,570
United Kingdom	696	661	3,193	3,209
Singapore	1,985	603	-	-
USA	262	332	809	670
India	31	6	4,177	4,178
New Zealand	566	301	1,901	1,791
Other regions	-	-	1	2
<b>Total</b>	<b>5,537</b>	<b>3,931</b>	<b>12,748</b>	<b>12,420</b>

The allocation of net sales and non-current assets in the table above is based on the countries where the group company has its registered office.

**4 Cost accounting****Nature of expenses**

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

Group (SEK million)	2022	2021
Net sales	5,537	3,931
Other operating income	44	11
Cost of goods	-177	-230
Distribution costs	-2,451	-1,949
Salaries, remuneration, and social security expenses	-1,016	-712
Depreciation and amortisation	-637	-432
Depreciation leasing	-34	-32
Impairment losses	-26	-
Other expenses	-682	-74
Share of earnings in associated companies	0	-1
<b>Operating Income</b>	<b>558</b>	<b>513</b>

**5 Other operating income and expenses**

Group (SEK million)	2022	2021
<b>Other operating income</b>		
Gain from exchange rate differences	24	5
Government grants/tax incentives	5	4
Other	15	2
<b>Total</b>	<b>44</b>	<b>11</b>
<b>Other operating expenses</b>		
Loss from exchange rate differences	1	1
Other	-8	-4
<b>Total</b>	<b>-7</b>	<b>-3</b>

**6 Shares in associated companies**

Group (SEK million)	2022	2021
Share of earning	-	0
<b>Total net income</b>	<b>-</b>	<b>0</b>

Associated companies are reported based on the equity method. The share of earnings is equal to the Group's share of net income in each associated company after conversion into Swedish krona. The calculation of share in net income is based on the latest available accounts.

**Summarized financial information for associated companies**

Group (SEK million)	2022	2021
Net income	0	-3
Current assets	0	39
<b>Total assets</b>	<b>0</b>	<b>39</b>
Non-current liabilities	-	20
Current liabilities	-	17
<b>Total liabilities</b>	<b>-</b>	<b>37</b>

**Shares and participations in associated companies**

Group (SEK million)	2022	2021
Carrying amount	0	22
<b>Total</b>	<b>0</b>	<b>22</b>

**7 Financial items**

Group (SEK million)	2022	2021
Interest income	73	5
Interest expenses	-19	-29
<b>Net interest</b>	<b>54</b>	<b>-24</b>

Net exchange rate differences	316	-150
Borrowing costs	-7	-11
Interest expenses from discounting of contingent considerations	-220	-132
Financial assets and liabilities valued at fair value through profit and loss	-222	-350
Gain from financial assets	20	109
<b>Other financial items</b>	<b>-114</b>	<b>-534</b>
<b>Net financial items</b>	<b>-60</b>	<b>-557</b>

Parent company (SEK million)	2022	2021
Dividend from subsidiaries	26,430	-
Gain/loss from financial assets	-18,783	-
<b>Results from shares in subsidiaries</b>	<b>7,647</b>	<b>-</b>

Interest income from external parties	58	0
Interest income from subsidiaries	5	6
Net exchange rate difference	155	10
<b>Total interest income and other financial income</b>	<b>218</b>	<b>17</b>

Net exchange rate differences	-96	-
Interest expense to external parties	-14	-16
Interest expense to subsidiaries	-44	-
Borrowing costs	-5	-11
<b>Total interest expense and other financial costs</b>	<b>-159</b>	<b>-27</b>
<b>Net financial items</b>	<b>7,705</b>	<b>-10</b>

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

## 8

## Taxes

## Accounting for corporate income tax

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

## Distribution of tax expense

Group (SEK million)	2022	2021
<b>Current tax</b>		
Current tax expense	-442	-270
Adjustment for prior years	-6	6
<b>Total</b>	<b>-449</b>	<b>-264</b>
<b>Deferred tax</b>		
Tax attributable to temporary differences	202	60
<b>Total</b>	<b>202</b>	<b>60</b>
<b>Total tax expense in the income statement</b>	<b>-246</b>	<b>-204</b>

## Reconciliation of tax expense

Group (SEK million)	2022	%	2021	%
Income before tax	498		-43	
Tax/Tax rate in Sweden	-103	20.6	9	20.6
Foreign tax rate differential	-60	12.1	-17	-39.9
Non-taxable income	43	-8.7	69	159.4
Non-deductible expenses	-134	26.9	-218	-503.2
Exercised loss carryforwards not previously recognized	17	-3.4	1	1.6
New loss where no deferred tax was recognized	0	0.0	-54	-125.2
Other permanent effects	-2	0.5	1	2.7
Adjustment for prior years	-6	1.3	6	13.2
<b>Effective tax/tax rate</b>	<b>-246</b>	<b>49.3</b>	<b>-204</b>	<b>-470.9</b>

## Deferred Tax

Group (SEK million)	31 Dec 2022	31 Dec 2021	Group (SEK million)	31 Dec 2022	31 Dec 2021
<b>Deferred tax asset attributable to:</b>			<b>Deferred tax liabilities attributable to:</b>		
Goodwill	1	1	Goodwill	0	14
Tangible assets	0	3	Tangible assets	5	7
Intangible assets	14	11	Intangible assets	511	763
Provisions	41	17	Provisions	0	0
Current receivables	0	4	Current receivables	0	1
Current liabilities	17	36	Current liabilities	0	0
Financial assets	0	10	Financial assets	0	0
Tax value of tax losses carry forward recognised <sup>1</sup>	61	161	<b>Total</b>	<b>516</b>	<b>784</b>
<b>Total</b>	<b>134</b>	<b>243</b>	<b>Deferred tax net</b>	<b>-382</b>	<b>-541</b>

1) The deferred tax assets of SEK 161 million recognized on tax losses in 2021 relates to ESL, divested in April 2022.

Group (SEK million)	2022				
	Opening balance January 1	Deferred tax recognized in P&L	Discontinuing operations	Translation differences	Closing balance December 31
Tax loss carryforwards	161	50	-163	12	61
<i>Temporary differences in:</i>					
Goodwill	-13	-1	16	-2	1
Tangible assets	-4	-10	9	0	-5
Intangible assets	-752	120	178	-44	-497
Provisions	17	29	-5	0	41
Current receivables	3	0	-4	0	-
Current liabilities	36	16	-37	2	17
Financial assets	10	-3	-1	-6	0
<b>Total</b>	<b>-541</b>	<b>202</b>	<b>-7</b>	<b>-36</b>	<b>-382</b>

## Note 8 continues

Group (SEK million)	2021					Closing balance December 31
	Opening balance January 1	Deferred tax recognized in P&L	Acquisition of subsidiaries	Discontinued operations	Translation differences	
Tax loss carryforwards	149	6	1	-2	7	161
<i>Temporary differences in:</i>						
Goodwill	-8	-2	-	-2	-1	-13
Tangible assets	5	0	0	-9	0	-4
Intangible assets	-428	7	-336	8	-3	-752
Provisions	7	7	2	1	0	17
Current receivables	-30	34	-	1	-2	3
Current liabilities	18	0	2	13	2	36
Financial assets	6	8	0	0	-4	10
<b>Total</b>	<b>-282</b>	<b>60</b>	<b>-331</b>	<b>10</b>	<b>-1</b>	<b>-541</b>

Total tax loss carryforwards without an expiration date, for which deferred tax assets have been recognized, amounted to SEK 208 (535) million for the group as at December 31, 2022. The recognized deferred tax asset of SEK 61 (161) million in 2022 is mainly attributable to Kongregate. The accounts for 2022 and 2021 include deferred tax assets as a tax value of the tax loss carryforwards in all countries where it is judged likely that the group will be able to use its tax loss carryforwards to offset a taxable surplus in a foreseeable future. As a consequence, deferred tax assets related to loss carryforwards are not recognized in some countries.

## Parent company

There were no tax loss carryforwards as per the end of 2022 in the parent company.

## Distribution of tax expenses

Parent company (SEK million)	2022	2021
Current tax	-6	-
Adjustment for prior years	-	-
<b>Total tax expenses</b>	<b>-6</b>	<b>-</b>

## Unrecognized tax loss carryforwards by expiry date

Group (SEK million)	2022	2021
2022	-	182
2023	-	-
2024	-	-
2025	-	199
and thereafter	-	-
No expiry date	-	939
<b>Total</b>	<b>-</b>	<b>1,320</b>

## Reconciliation of tax expense

Parent company (SEK million)	2022	%	2021	%
Income before tax	7,752		-94	
Tax/Tax rate in Sweden	-1,597	20.6	19	20.6
Non-taxable income	5,445	-70.2	0	0.1
Non-deductible expenses	-3,870	49.9	-2	-2.4
New loss were no deferred tax was recognized	-	-	-17	18.2
Use of tax losses carry forward	17	-0.2	-	-
<b>Effective tax/tax rate</b>	<b>-6</b>	<b>0.1</b>	<b>-</b>	<b>-</b>



## 9 Intangible assets

### Accounting for intangible assets

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

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

### Capitalized development expenditure

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

### Goodwill

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

### Other intangible assets

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

### Note 9 continues

(SEK million)	Capitalized development expenditure	Group			Total	Parent Company
		Trademarks	Customer relations and other <sup>1)</sup>	Goodwill		Capitalized expenditure
<b>Acquisition values</b>						
Opening balance January 1, 2021	954	969	722	6,122	<b>8,767</b>	56
Investments during the year	162	-	35	-	<b>197</b>	-
Acquisitions through business combinations	599	434	297	4,381	<b>5,711</b>	-
Reclassifications etc	10	-	-	-	<b>10</b>	-
Translation differences	138	61	65	577	<b>841</b>	-
<b>Closing balance December 31, 2021</b>	<b>1,863</b>	<b>1,464</b>	<b>1,119</b>	<b>11,080</b>	<b>15,526</b>	<b>56</b>
Opening balance January 1, 2022	1,863	1,464	1,119	11,080	<b>15,526</b>	56
Investments during the year	156	1	36	25	<b>216</b>	-
Acquisitions through business combinations	-	-	-	58	<b>58</b>	-
Reclassifications etc	-117	0	117	-	<b>-1</b>	-
Translation differences	128	67	66	545	<b>806</b>	-
Discontinued operations	-55	-442	-238	-1,423	<b>-2,158</b>	-
<b>Closing balance 31 December 2022</b>	<b>1,974</b>	<b>1,089</b>	<b>1,100</b>	<b>10,285</b>	<b>14,448</b>	<b>56</b>
<b>Accumulated amortisation and impairment losses</b>						
Opening balance 1 January 2021	-334	-118	-220	-43	<b>-714</b>	-55
Sales and disposals during the year	-	-	1	-	<b>1</b>	-
Amortisation during the year	-119	-70	-243	-	<b>-432</b>	-1
Reclassifications etc	-10	-	-	-	<b>-10</b>	-
Translation differences	-11	-4	-24	-5	<b>-44</b>	-
<b>Closing balance 31 December 2021</b>	<b>-474</b>	<b>-192</b>	<b>-486</b>	<b>-48</b>	<b>-1,199</b>	<b>-56</b>
Opening balance January 1, 2022	-474	-192	-486	-48	<b>-1,199</b>	-56
Amortisation during the year	-317	-104	-203	-	<b>-624</b>	-
Impairment losses during the year	-26	0	-	-	<b>-26</b>	-
Translation differences	-40	-16	-57	-	<b>-113</b>	-
Discontinued operations	39	6	118	48	<b>211</b>	-
<b>Closing balance 31 December 2022</b>	<b>-817</b>	<b>-306</b>	<b>-628</b>	<b>0</b>	<b>-1,750</b>	<b>-56</b>
<b>Carrying amount</b>						
As per 1 January 2021	621	851	502	6,079	<b>8,053</b>	-
As per 31 December 2021	1,389	1,272	634	11,032	<b>14,327</b>	-
As per 1 January 2022	1,389	1,272	634	11,032	<b>14,327</b>	0
As per 31 December 2022	1,157	782	470	10,285	<b>12,694</b>	0

1) Other refers to licenses and beneficial rights.

Note 9 continues**Amortization by function**

Group (SEK million)	2022	2021
Cost of goods and services	459	289
Administrative expenses	143	116
Selling expenses	0	0
Other operating expenses	17	4
Discontinued operations	5	22
<b>Total</b>	<b>624</b>	<b>432</b>

**Impairment tests for cash-generating units**

Cash-generating units with significant carrying amounts of goodwill:

Group (SEK million)	2022	2021
ESL	-	1,375
InnoGames	2,263	2,078
Kongregate	551	427
Hutch	2,671	2,585
PlaySimple	3,357	3,241
Ninja Kiwi	1,444	1,326
<b>Total</b>	<b>10,285</b>	<b>11,032</b>

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

Group (SEK million)	2022	2021
ESL	-	64
Kongregate	80	70
<b>Total</b>	<b>80</b>	<b>134</b>

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

**Impairment testing**

Impairment testing, of goodwill and other intangible assets with indefinite lives for cash-generating units are based on calculations of the recoverable amount (value in use), using a discounted cash flow model. The cash flow is discounted at a pre-tax interest of 9.6 (9.2) percent considering the cost of capital and risk. The model involves key assumptions such as market size, share and growth rates, sales prices and cost, growth, together with working capital requirements. These cash flow projections, calculated over a five year period, are based on actual operating results, forecasts and financial projections, using historical trends, general market conditions, industry trends and other available information. After the five-year period, a growth rate of 2.5 (2.5) percent is normally applied.

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

**Impairment test**

The impairment tests are carried out on a regular basis, annually or when triggered by events. The impairment tests 2022 did not trigger an impairment for the Group.

**Sensitivity analysis**

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

The current impairment test of Hutch, using a pre-tax interest of 9.6 percent, does not indicate an impairment. However, a change in recoverable amount, depending on changes in the market conditions or other parameters, could result in an impairment. A change in the weighted average cost of capital would give the following results:

(SEK million)	Hutch
Recoverable amount	3,304
Carrying amount	2,829

(SEK million)	Hutch
0.5 percentage points	2,962
1.0 percentage point	2,698

**10 Property, plant and equipment****Accounting for property plant and equipment**

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

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

(SEK million)	Group			Parent Company
	Machinery	Equipment, tools and installations	Total	Equipment
<b>Acquisition value</b>				
Opening balance January 1, 2021	14	195	<b>209</b>	10
Investments during the year	3	52	<b>55</b>	-
Acquisitions through business combinations	-	5	<b>5</b>	-
Sales and scrapping during the year	-	-11	<b>-11</b>	-
Changes in Group structure, reclassifications etc	12	-22	<b>-10</b>	-
Translation differences	3	10	<b>13</b>	-
<b>Closing balance December 31, 2021</b>	<b>32</b>	<b>229</b>	<b>261</b>	<b>10</b>
Opening balance January 1, 2022	32	229	<b>261</b>	10
Investments during the year	-	23	<b>23</b>	1
Sales and scrapping during the year	-	-3	<b>-3</b>	-
Reclassifications etc	-	1	<b>1</b>	-
Translation differences	-	13	<b>13</b>	-
Discontinued operations	-32	-169	<b>-201</b>	-
<b>Closing balance December 31, 2022</b>	<b>0</b>	<b>94</b>	<b>94</b>	<b>11</b>
<b>Accumulated depreciation and impairment losses</b>				
Opening balance 1 January 2021	-2	-103	<b>-105</b>	-8
Sales and scrapping during the year	-	10	<b>10</b>	-
Depreciation during the year	-7	-40	<b>-47</b>	-1
Change in Group structure, reclassifications etc	-	10	<b>10</b>	-
Translation differences	-3	-7	<b>-10</b>	-
<b>Closing balance 31 December 2021</b>	<b>-12</b>	<b>-130</b>	<b>-142</b>	<b>-9</b>
Opening balance 1 January 2022	-12	-130	<b>-142</b>	-9
Sales and disposals during the year	-	2	<b>2</b>	-
Depreciation during the year	-	-29	<b>-29</b>	-1
Translation differences	-	-8	<b>-8</b>	-
Discontinued operations	12	128	<b>140</b>	-
<b>Closing balance 31 December 2022</b>	<b>0</b>	<b>-36</b>	<b>-36</b>	<b>-10</b>
<b>Carrying amount</b>				
As per January 1, 2021	12	92	<b>104</b>	3
As per December 31, 2021	20	99	<b>119</b>	3
As per January 1, 2022	20	99	<b>119</b>	1
As per December 31, 2022	0	58	<b>58</b>	2



Note 10 continues**Depreciation by function**

Group (SEK million)	2022	2021
Cost of goods and services	13	11
Selling expenses	2	3
Administrative expenses	13	7
Other operating expenses	1	1
Discontinued operations	11	25
<b>Total</b>	<b>40</b>	<b>47</b>

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

The following table lists the major companies included in MTG. A detailed specification of group companies has been submitted to the Swedish Companies Registration Office and is available upon request from Modern Times Group MTG AB Investor Relations.

**Shares and participations in group companies**

Parent company (SEK million)	Co. Reg.No.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2021	Book value 31 Dec 2022
MTG Broadcasting AB	556353-2687	Stockholm	1,000	100	100	11,372	22,463
<b>Total</b>						<b>11,372</b>	<b>22,463</b>

**Share capital (%) and voting rights (%) represented as at Dec 31, 2022**

Ownership in group companies	Co. Reg.No.	Registered office	Share capital (%)	Voting rights (%)
MTG Broadcasting AB	556353-2687	Sweden	100	100
MTGx International AB	556931-8651	Sweden	100	100
MTGx Gaming Holding AB	559077-0912	Sweden	100	100
InnoGames GmbH		Germany	100	100
Kongregate Inc.		USA	100	100
Hutch Games Ltd.		UK	100	100
Ninja Kiwi Ltd.		New Zealand	100	100
PlaySimple Games Private Ltd.		India	77	77

**Shares and participations in group companies**

Parent company (SEK million)	2022	2021
Opening balance 1 January	11,372	7,813
Shareholder contributions	1,950	3,559
Shares received through dividend	27,924	-
Impairment	-18,783	-
<b>Closing balance 31 December</b>	<b>22,463</b>	<b>11,372</b>

**Non-controlling interests**

MTG AB completed in June a minority share exchange with EHM Holding, the founders of Innogames, where MTG purchased EHM's shares in MTG Gaming AB with newly issued Class B shares in MTG. After the exchange, there are no longer non-controlling interests in the group.

**12 Accounts receivables**

Group (SEK million)	2022	2021
<b>Accounts receivable</b>		
Gross accounts receivables	436	782
Less allowances for doubtful accounts	0	-28
<b>Total</b>	<b>436</b>	<b>754</b>
<b>Allowance for doubtful accounts</b>		
Opening balance 1 January	28	29
Provision for potential losses	0	5
Actual losses	-	-1
Reversed write-offs	-	-6
Discontinued operations	-29	-
Translation differences	1	0
<b>Closing balance 31 December</b>	<b>0</b>	<b>28</b>

**Analysis of accounts receivable**

	2022	2021
Not due	331	608
< 30 days	27	93
30–90 days	62	31
> 90 days	16	22
<b>Total</b>	<b>436</b>	<b>754</b>

**13 Prepaid expenses and accrued income**

Parent company (SEK million)	2022	2021
Prepaid financing costs	1	2
Interest on deposit account	14	0
Other	1	2
<b>Total</b>	<b>15</b>	<b>4</b>

**14 Earnings per share**

Group (SEK million)	2022	2021
<b>Earnings per share before dilution</b>		
Net income for the year attributable to equity holders of the parent company	6,579	-400
Shares outstanding on 1 January	110,385,832	76,190,509
New shares issued	13,345,332	34,195,323
<b>Number of shares outstanding</b>	<b>123,731,164</b>	<b>110,385,832</b>
Weighted average number of shares, basic	116,950,340	103,786,751
Effect from share awards	404,867	155,301
<b>Weighted average number of shares, diluted</b>	<b>117,355,207</b>	<b>103,942,052</b>
Basic earnings per share, SEK	56.26	-3.85
Diluted earnings per share, SEK	56.06	-3.85
<b>Earnings per share before dilution, continued operations</b>		
Net income for the year attributable to equity holders of the parent company, continued operations	356	-193
Basic earnings per share, SEK, continued operations	2.70	-1.86
Diluted earnings per share, SEK, continued operations	2.69	-1.86

Modern Times Group MTG AB has outstanding long-term incentive plans. The potential dilution is calculated in order to determine the number of shares that can be acquired at fair value based on the value of the share awards. Retention and performance share awards are included in the potentially dilutive shares from the start of the program, and in accordance with the performance targets achieved. The Company has outstanding programmes from 2021 and 2022, where the performance are not yet achieved, but that might have a diluting effect. As per 31 December 2022 the share awards amounted to 706,668 (355,730) and the warrants amounted to 420,033 (426,420). The programs have a calculated dilution of 404,867.

The total number of shares outstanding at the end of 2022 was 123,731,164 (110,385,832) and excluded 3,980,433 B shares and 6,324,343 class C shares held by MTG as treasury shares.

## 15 Shareholders' equity

Parent company	2022		2021	
	Number of shares paid	Share capital (SEK million)	Number of shares paid	Share capital (SEK million)
MTG Class A	545,662	3	545,662	3
MTG Class B	127,165,935	635	110,145,050	550
MTG Class C	6,324,343	32	6,324,343	32
<b>Total number of shares issued/total share capital as per 31 December</b>	<b>134,035,940</b>	<b>670</b>	<b>117,015,055</b>	<b>585</b>

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

Out of the total number of issued shares, 3,980,433 (304 880) Class B shares and 6,324,343 (6,324,343) Class C shares are held as treasury shares.

The Board of Directors is proposing to the Annual General Meeting 2023 that no dividend is to be paid to MTG shareholders for the financial year 2022. The Group bought back SEK 450 million worth of shares during the financial year 2022.

### Paid-in capital/Premium reserve

The paid-in capital arises when shares are issued at a premium, i.e. shares were paid at a higher price than the quota value. The premium reserve in the parent company at the beginning of the year relates to employee options exercised during 2010, 2009 and 2008 as well as the fair value of the shares. In June 2022, the paid-in capital increased by SEK 1,404 million after new shares were issued to purchase EHM's minority share in MTG Gaming AB.

(SEK million)	Shares			
	Class A	Class B	Class C	Total
Opening balance 1 January 2022	545,652	110,145,050	6,324,343	<b>117,015,055</b>
Split of shares	545,652	110,145,050	6,324,343	<b>117,015,055</b>
Redemption of shares	-545,652	-110,145,050	-6,324,343	<b>-117,015,055</b>
Cancellation of repurchased shares	-	-1,053,868	-	<b>-1,053,868</b>
Issuance of shares to EHM in exchange of shares in MTG Gaming AB	-	18,074,753	-	<b>18,074,753</b>
<b>Closing balance 31 December 2022</b>	<b>545,652</b>	<b>127,165,935</b>	<b>6,324,343</b>	<b>134,035,940</b>

The AGM 2022 resolved on an extraordinary cash value transfer to MTG's shareholders through a share redemption plan involving a share split (2:1), a reduction of share capital through redemption of shares and increase of share capital through a bonus issue without issuance of new shares.

Each ordinary share in MTG was split into two shares, one (1) redemption share and one (1) identical to the current ordinary share that was split. Redemption shares of Class A and Class B were traded on Nasdaq Stockholm for 2 weeks. Thereafter, all redemption shares were automatically redeemed by MTG and the holders

### Translation reserve in equity

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

Group (SEK million)	2022	2021
Opening balance 1 January	300	-260
This year's translation differences, net of tax, continuing operations	771	560
This year's translation differences, net of tax, discontinued operations	194	-
<b>Total accumulated translation differences 31 December</b>	<b>1,266</b>	<b>300</b>

### Revaluation reserve

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

Group (SEK million)	2022	2021
Opening balance 1 January	-12	-12
<b>Closing balance 31 December</b>	<b>-12</b>	<b>-12</b>

### Retained earnings

Retained earnings comprise previously earned income.

### Non-controlling interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interest. In cases where option clauses exist, the companies have been 100% consolidated.

At the end of 2022, there are no non-controlling interest at MTG.

of redemption shares of Class A and Class B received redemption a amount of SEK 25.00 per share. The record date for the share split and the right to receive redemption shares was 15 June 2022.

In June, the share capital was reduced by SEK 5,269,340 by way of cancellation of the 1,053,868 Class B shares that MTG repurchased.

In June, a total of 18,074,753 new shares were issued to purchase the non-controlling interest of EHM in MTG Gaming AB.

## 16 Provisions

### Accounting for Provisions

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

### Accounting for Pensions

There are both defined pension plans and defined contribution pension plans within the Group. The Group's payments to defined con-

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

In Sweden there is a multi-employer defined benefit plan. The Group reports these pension costs in the same way as defined contribution plans. There is also a defined benefit plan in India, so far with limited financial impact.

Other provisions are mainly related to incentive programs.

Group (SEK million)	Restructuring provisions	Other provisions	Total
Opening balance 1 January 2021	16	206	222
Provisions during the year	-	32	32
Provisions from acquisition of entities	-	29	29
Utilised during the year	-	-132	-132
Translation differences	-	3	3
Discontinued operations	-7	29	22
<b>Closing balance 31 December 2021</b>	<b>10</b>	<b>168</b>	<b>178</b>
Opening balance 1 January 2022	10	168	178
Provisions during the year	-	140	140
Utilized during the year	-	-32	-32
Translation differences	-	4	4
Discontinued operations	1	-117	-116
<b>Closing balance 31 December 2022</b>	<b>10</b>	<b>162</b>	<b>172</b>



## 17 Accrued expenses and deferred income

Parent company (SEK million)	31 Dec 2022	31 Dec 2021
Accrued personnel costs	41	21
Accrued professional fees	1	0
Other	-	4
<b>Total</b>	<b>43</b>	<b>25</b>

## 18 Pledged assets and contingent liabilities

As for 2022 there were no pledged assets in the Group. For 2021 all shares in MTGx Gaming Holding were pledged to the lenders in the relation to the bridge loan and the revolving credit facility (RCF).

Various MTG companies are parties in litigations. The Company does not believe that the outcome of these litigations are likely to have a material adverse effect on the financial position of the Group. These litigations are therefore not included in the contingent liabilities. There are no contingent liabilities in the Group in 2022 and 2021.

### Contingent liabilities

Parent company (SEK million)	31 Dec 2022	31 Dec 2021
Guarantees subsidiaries	0	5
<b>Total</b>	<b>0</b>	<b>5</b>

The parent company issues guarantees to the benefit of the subsidiaries. These include rental agreements. As for 2022 there were no issued guarantees in the parent company.

## 19 Financial instruments and financial risk management

### Capital management

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

In general, the capital structure is based on a mix of issuance of new shares and debt, where the objective is to operate with a low leverage ratio. The leverage ratio could increase during specific periods, but should remain low over time. The capital structure also considers the optimal structure to reduce the cost of capital. However, as of December 31, 2022, the Group had a net cash position due to the divestment of ESL.

### Financial risk management

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

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

Liquidity in the Group is concentrated with the central financing function and in cash pools in Sweden. Surplus liquidity may be invested during a period of maximum six months. The financial policy includes a special counterparty regulation by which a maximum credit exposure for various counterparties to minimise the risk is stipulated.

### Note 19 continues

### Financing and refinancing risk

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

External borrowing is managed centrally in accordance with the Group's financial policy. Loans are primarily taken up by the parent company, and transferred to subsidiaries as internal loans or capital injections. As of December 31, 2022, the Group had no external financing.

As per 31 December 2022 the group had a revolving credit facility (RCF) of SEK 1,000 (1,000) million with maturity date in July 2024, whereof SEK 0 (900) million had been utilized. Interest varies with IBOR (not lower than 0 percent) plus a margin based on competitive market terms.

### Liabilities related to contingent consideration

Liabilities related to contingent considerations are based on terms defined in agreements set up in connection with the acquisitions. The valuations are based on projections and forecasts of future revenues and operating margin.

### Lease liabilities

Information about lease liabilities are found in note 23 Leases and other commitments.

### Net debt

Group (SEK million)	31 Dec 2022	31 Dec 2021
Liabilities to financial institutions	-	1,000
<b>Short-term borrowings</b>	<b>0</b>	<b>1,000</b>
Other interest-bearing liabilities <sup>1)</sup>	707	743
Lease liabilities	34	42
<b>Total short-term borrowings</b>	<b>741</b>	<b>1,785</b>
Lease liabilities	32	83
Liabilities to financial institutions	-	900
<b>Total long-term borrowings</b>	<b>32</b>	<b>983</b>
<b>Total borrowings</b>	<b>774</b>	<b>2,768</b>
Cash and cash equivalents	4,733	943
<b>Total cash and cash equivalents</b>	<b>4,733</b>	<b>943</b>
<b>Total net debt</b>	<b>-3,960</b>	<b>1,825</b>

<sup>1)</sup> Liability for acquisition of the remaining 23% of PlaySimple SEK 707 (743) million

### Maturity of long-term loans

Parent company (SEK million)	31 Dec 2022	31 Dec 2021
Amount due for settlement within 12 months	-	1,000
Amount due for settlement within 13 to 59 months	-	900
Amount due for settlement after 60 months	-	-
<b>Total</b>	<b>-</b>	<b>1,900</b>

Note 19 continues**Terms and payback period, gross values**

2022					
Group (SEK million)	Effective interest rate	Total	Maturity 2023	Maturity 2024	Maturity 2025 or later
Leasing liabilities		67	34	32	1
Other interest-bearing liabilities		707	707		
Accounts payable		211	211		
		<b>985</b>	<b>952</b>	<b>32</b>	<b>1</b>

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

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

**Market risks****Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect cash flow, financial assets and liabilities. The Group is exposed to interest rate risk through cash and cash equivalents, loans, derivatives, other financial assets and utilised interest-bearing credit facilities. The Group's financial policy aims to gain financial flexibility through a balanced mix between variable and fixed interest rates and spreading maturities to match funding needs. During 2021-2022, the interest rate period was less than 3 months.

**Credit risk**

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

Financial credit risk is the risk arising for the Group in its relations with financial counterparties. The management of the financial credit risk is regulated by the Group's financial policy.

Financial counterparties must have a rating equivalent to S&P's single A rating or higher for larger deposits of cash or surplus funds. Standardised ISDA agreements are signed with all counterparties involved in foreign exchange transactions. Transactions are made within fixed limits and exposures are continuously monitored.

The credit risk with respect to the Group's accounts receivables is diversified among a large number of customers, both private individuals and companies. The Group's assessment based on historical data is that there are no write-down requirements for accounts receivables not due. The majority of the current outstanding

accounts receivables comprise previously known customers, who are judged to have good credit worthiness. See also note 15 Accounts receivables.

The Group's exposure to credit risk amounts to SEK 5,578 (2,178) million as per 31 December. The exposure is based on the carrying amount for the financial assets, the major part comprising cash and cash equivalents and accounts receivables.

**Insurable risks**

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

**Currency risk**

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

**Transaction exposure**

Transaction exposure arises when the inflows and outflows in foreign currencies in the financial statements of the separate entities within the Group are not matched. The corporate treasury department strives to match inflows and outflows in the same currency and also to take advantage of natural hedges.

Transaction exposures in the Group occur when its subsidiaries have external and internal transactions in currencies other than the subsidiary's functional currency.

Note 19 continues

Currency (SEK million)	USD	EUR	NZD	SGD	DKK	NOK	CHF	GBP
Transaction outflows	-3,303	-59	-52	-1	-136	-2	-6	-41
Transaction inflows	4,176	56	61	21	128	5	15	46
<b>Net transaction flows</b>	<b>873</b>	<b>-3</b>	<b>8</b>	<b>19</b>	<b>-8</b>	<b>2</b>	<b>9</b>	<b>6</b>
Effect if SEK falls 5 percent	44	0	0	1	0	0	0	0

The effect of a change in the rate by 5% on all of the outstanding positions as per 31 December would have been approximately SEK 45 (42) million, the impact on equity would be after deduction of tax.

**Translation exposure**

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

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

Currency	2022		2021	
	SEK million	%	SEK million	%
USD	709	6	608	5
EUR	2,406	21	3,799	30
NZD	1,653	14	1,542	12
INR	3,779	33	3,742	29
GBP	2,990	26	2,968	23
Other currencies	0	0	35	1
<b>Total equivalent SEK value</b>	<b>11,538</b>	<b>100</b>	<b>12,694</b>	<b>100</b>

A 5% change in USD/SEK would affect the equity by approximately SEK 35 million, in EUR/SEK by SEK 120 (190) million, in GBP/SEK by SEK 149 (148) million and in INR/SEK by SEK 189 (187) million.

**Significant financial assets and liabilities in foreign currency comprise of:**

2022			
Currency (SEK million)	USD	NZD	GBP
Cash and cash equivalents	2,939	-	-
Contingent Consideration	-1,532	-737	-334
<b>Net statement of financial position exposure<sup>1)</sup></b>	<b>1,407</b>	<b>-737</b>	<b>-334</b>

1) Exposure against SEK

2021			
Currency (SEK million)	USD	NZD	GBP
Cash and cash equivalents	56	-	-
Contingent Consideration	-1,144	-608	-556
<b>Net statement of financial position exposure<sup>1)</sup></b>	<b>-1,088</b>	<b>-608</b>	<b>-556</b>

1) Exposure against SEK

The effect of a change in the rate by 5% on above outstanding positions as per December 31, 2022, would be SEK 17 (-113) million.

**Accounting for financial instruments**

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

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

For the group's holdings in shares, acquisition cost is initially considered to be a representative estimate of fair value. Subsequently, values are remeasured at fair value and gains/losses recognized when there is a subsequent financing with participation by a third party investor, in which case the price per share in that financing is used, when there is a realized exit or when there are indications that cost is not representative of fair value and sufficient more recent information is available to measure fair value.

**Financial assets at amortized cost**

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



Note 19 continues**Financial liabilities at fair value through profit or loss****Contingent considerations**

Contingent considerations are valued at fair value through profit and loss, as these are, to an extent, based on future performances.

The liability is reported at the discounted presented value.

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

31 December 2022							
Group (SEK million)	Fair value through profit or loss	Financial assets/liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>							
Shares and participations in other companies	408	-	<b>408</b>	-	-	408	408
<b>Total</b>	<b>408</b>	-	<b>408</b>	-	-	<b>408</b>	<b>408</b>
<b>Financial assets measured at amortized cost</b>							
Other non-current receivables	-	66	<b>66</b>	-	-	-	-
Other receivables, non interest-bearing	-	62	<b>62</b>	-	-	-	-
Accounts receivable	-	436	<b>436</b>	-	-	-	-
Cash and cash equivalents	-	4,733	<b>4,733</b>	-	-	-	-
<b>Total</b>	-	<b>5,297</b>	<b>5,297</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>							
Contingent consideration	2,703	-	<b>2,703</b>	-	-	2,703	2,703
<b>Total</b>	<b>2,703</b>	-	<b>2,703</b>	-	-	<b>2,703</b>	<b>2,703</b>
<b>Financial liabilities measured at amortized cost</b>							
Other interest-bearing liabilities	-	707	<b>707</b>	-	-	-	-
Liabilities to financial institutions	-	0	<b>0</b>	-	-	-	-
Trade and other payables	-	211	<b>211</b>	-	-	-	-
<b>Total</b>	-	<b>918</b>	<b>918</b>	-	-	-	-

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

Note 19 continues

31 December 2022							
Parent Company (SEK million)	Fair value through profit or loss	Financial assets/liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortised cost</b>							
Receivables from group companies	-	598	<b>598</b>	-	-	-	-
Cash and cash equivalents	-	3,624	<b>3,624</b>	-	-	-	-
<b>Total</b>	-	<b>4,222</b>	<b>4,222</b>	-	-	-	-
<b>Financial liabilities measured at amortised cost</b>							
Trade and other payables	-	10,881	<b>10,881</b>	-	-	-	-
<b>Total</b>	-	<b>10,881</b>	<b>10,881</b>	-	-	-	-

31 December 2021							
Parent Company (SEK million)	Fair value through profit or loss	Financial assets/liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortised cost</b>							
Accounts receivable	-	252	<b>252</b>	-	-	-	-
Cash and cash equivalents	-	167	<b>167</b>	-	-	-	-
<b>Total</b>	-	<b>419</b>	<b>419</b>	-	-	-	-
<b>Financial liabilities measured at amortised cost</b>							
Liabilities to financial institutions	-	1,900	<b>1,900</b>	-	-	-	-
Trade and other payables	-	185	<b>185</b>	-	-	-	-
<b>Total</b>	-	<b>2,085</b>	<b>2,085</b>	-	-	-	-

**Valuation techniques level 1, 2 and 3**

**Shares and participations in other companies** – acquisition cost is initially considered to be a representative estimate of fair value. Subsequently, values are remeasured at fair value and gains/losses recognized when there is subsequent financing with participation by a third party investor, in which case the price per share in that financing is used, when there is a realized exit or when there are indications that cost is not representative of fair value and sufficient more recent information is available to measure fair value.

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

**Contingent consideration** – expected future values are discounted to present value. The discount rate is risk-adjusted. The most critical parameters are estimated future revenue growth and future operating margin.

Note 19 continues**Financial assets, level 3**

Group (SEK million)	2022	2021
Opening balance 1 January	346	252
of which discontinued operations	-11	-
Reported gains and losses in net income for the period	22	77
Acquisition	23	34
Divestment	-	-1
Transfer to level 1	-	-36
Translation differences	21	20
Loan converted to shares	8	-
<b>Closing balance 31 December</b>	<b>408</b>	<b>346</b>

**Financial liabilities, level 3**

Group (SEK million)	2022	2021
Opening balance 1 January	2,318	599
New acquisitions	0	1,400
Sale of subsidiaries	-9	-
Exercise	-317	-271
Changes in fair value	224	322
Interest expenses from discounting fair value of options	220	130
Reclassification	0	7
Translation differences	267	131
<b>Closing balance 31 December</b>	<b>2,703</b>	<b>2,318</b>

**20** Supplementary information to the statement of cash flows**Adjustments for items not included in cash flow**

Group (SEK million)	2022	2021
Depreciation and amortization	637	480
Depreciation leases	34	45
Impairment	26	-
Provisions	101	-105
Participation in associated companies	0	2
Discounting interest	220	132
Revaluation of fair value	167	139
Unrealised exchange differences	-229	168
Accrued interest	8	11
Income tax	219	190
Other items	12	11
<b>Total</b>	<b>1,195</b>	<b>1,073</b>

**Cash paid for interest and corporate tax**

Group (SEK million)	2022	2021
Interest paid	-10	-16
Corporate income tax	-408	-286
<b>Total</b>	<b>-418</b>	<b>-302</b>

Parent company (SEK million)	2022	2021
Interest paid	-10	-16
Corporate income tax	-4	-4
<b>Total</b>	<b>-14</b>	<b>-20</b>

**Reconciliation of debts arising from financing activities**

Group (SEK million)	Opening balance 2022	Cash flows	Other changes	Closing balance 2022
Short-term loans	1,000	-1,000	-	0
Long-term borrowings	900	-900	-	0
Lease liability	125	-58	-	67
<b>Total</b>	<b>2,025</b>	<b>-1,958</b>	<b>-</b>	<b>67</b>

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

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

**Cash and cash equivalents included in cash flow statement**

Group (SEK million)	2022	2021
Cash	1,393	845
Short-term investments	3,340	-
Discontinued operations	-	98
<b>Total according to cash flow statement</b>	<b>4,733</b>	<b>943</b>

Parent company (SEK million)	2022	2021
Cash	717	167
Short-term investments	2,907	-
<b>Total according to cash flow statement</b>	<b>3,624</b>	<b>167</b>



## 21 Leases

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

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

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

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

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

Some property leases contain extension options exercisable up to one year before the end of the non-cancellable contract period.

The extension options are exercisable by the group and not by the lessor. At lease commencement, the group assesses whether it is reasonably certain to exercise the options. A reassessment is done if there is a significant event or other circumstances. The group has estimated that the potential lease payments would result in an increase of the leasing liabilities of SEK 12 million, should the group decide to exercise the options.

### Right-of-use assets

Group (SEK million)	Property	Other	Total
Opening balance at January 1, 2021	128	1	129
New/finished lease contracts	38	1	39
Depreciation for the year	-45	0	-45
<b>Closing balance at December 31, 2021</b>	<b>122</b>	<b>1</b>	<b>123</b>

### Right-of-use assets

Group (SEK million)	Property	Other	Total
Opening balance at January 1, 2022	122	1	123
New/finished lease contracts	-18	-1	-18
Depreciation charge for the year	-34	0	-34
Discontinued operations	-5	-	-5
<b>Closing balance at 31 December, 2022</b>	<b>65</b>	<b>0</b>	<b>65</b>

### Maturity analysis – Contractual undiscounted cash flows

Group (SEK million)	31 Dec 2022	31 Dec 2021
Less than one year		34
One to five years		32
More than five years		1
<b>Total undiscounted lease liabilities at 31 December</b>	<b>67</b>	<b>125</b>
<b>Lease liabilities included in the statement of financial position at 31 December</b>	<b>67</b>	<b>125</b>
Current		34
Non-current		32

Group (SEK million)	2022	2021
<b>Amounts recognized in profit or loss</b>		
Interest on lease liabilities	-1	-2
Expenses related to short-term leases	-5	-7
Expenses related to leases of low-value assets, excluding short term leases of low-value assets	0	-4
Discontinued operations	0	-1
<b>Total</b>	<b>-7</b>	<b>-14</b>

Group (SEK million)	2022	2021
<b>Amounts recognized in the statement of cash flows</b>		
Total cash outflow for leases	-35	-47
Discontinued operations	-5	-14

Group (SEK million)	31 Dec 2022	31 Dec 2021
<b>Age analysis lease liabilities</b>		
Less than 6 months	15	20
6–12 months	20	22
1–2 years	3	29
2–5 years	29	50
Over 5 years	1	4
<b>Total lease liabilities</b>	<b>67</b>	<b>125</b>

## 22 Average number of employees

Group	2022		2021	
	Men	Women	Men	Women
Sweden	12	9	11	7
Germany	312	114	303	97
United Kingdom	153	29	137	23
United States	71	41	55	30
Singapore	211	78	171	78
New Zealand	32	12	30	11
Other	0	1	0	1
Discontinued operations	-	-	402	108
<b>Total</b>	<b>791</b>	<b>284</b>	<b>1,109</b>	<b>355</b>
<b>Total average number of employees</b>		<b>1,075</b>		<b>1,464</b>

Parent company	2022	2021
	Men	12
Women	9	7
<b>Total</b>	<b>21</b>	<b>18</b>

### Gender distribution senior executives

Group	2022		2021	
	Men %	Women %	Men %	Women %
Board of Directors	60	40	56	44
Senior executives	91	9	93	7
<b>Total</b>	<b>79</b>	<b>21</b>	<b>81</b>	<b>19</b>

Parent company	2022		2021	
	Men %	Women %	Men %	Women %
Board of Directors	63	38	57	43
CEO	0	100	0	100
Other senior executives	100	0	100	0
<b>Total</b>	<b>67</b>	<b>33</b>	<b>64</b>	<b>36</b>

## 23 Salaries, other remuneration and social security expenses

Group (SEK million)	2022	2021
Wages and salaries	885	620
Social security contributions	93	65
Pension costs	18	17
Share-based payments	16	8
Social security contributions on share-based payments	4	2
Discontinued operations	-	424
<b>Total</b>	<b>1,016</b>	<b>1,136</b>

Group (SEK million)	2022	2021
Board of Directors, CEO and other senior executives <sup>1)</sup>	80	71
of which variable salary	50	48

<sup>1)</sup> Includes SEK 7.6 (5.7) million Board fees approved by the Annual General Meeting.

Parent company (SEK million)	2022	2021
Board of Directors, CEO and other senior executives	50	24
of which variable salary	28	8
Other employees	30	17
<b>Total salaries and other remuneration</b>	<b>80</b>	<b>40</b>

Social security expenses	24	16
of which pension costs	3	3
of which pension costs CEO	1	1

Total salaries in the parent company include remuneration to CEO and other senior executives 4 (3) persons of SEK 42 (18) million, of which variable salary is SEK 28 (8) million.

### Remuneration to the Board of Directors and Senior Executives 2022

A fee is paid to the Board of Directors in accordance with the decision of the Annual General Meeting. The remuneration to senior executives is paid in accordance with the guidelines approved by the Annual General Meeting 2022.

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

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

### Remuneration principles

The Remuneration Guidelines provide a structure that aligns remuneration with the successful delivery of our long-term strategy: to drive profitability and organic growth in our vertical companies and invest in high-potential gaming businesses. The guidelines set guiding principles for the selection of LTIP performance measures and LTIP performance periods to ensure the link to the shareholder value, and as such, the guidelines contribute to the long-term success and value creation of the company. The guidelines provide for the ability to set relevant financial and non-financial STI measures,

including governance, social and environmental, further contributing to alignment between the guidelines and sustainability as well as the company values, which are Bold, Smart, Engaging and Fun. The performance measures for the STI are determined by the Remuneration Committee based on the business priorities for the year. Every year, stretch objectives are set in the light of the Company's annual business plan and the operating environment. The guidelines provide incentives for the CEO and the senior executives to promote an innovative and performance-based culture which contributes to achieving the company's mission.

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

### Base salary

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

### Short-term Incentive (STI)

It drives and rewards achievement of our stretching annual financial, strategic, operational and sustainability targets aligned with our business strategy. The STI is capped at 125 percent of the individual's base salary. Performance measures and weightings are reviewed at the start of each year to take account of current business plans and ensure that they continue to support the short-term business strategy. These measures can vary from year to year to reflect business priorities. Typically, the measures include a balance of the Company's financial performance measures (for example profitability, revenue and cash flow measures) and nonfinancial measures (for example key operational, strategic, environmental, social, governance or other sustainability related measures) provided that in any given year, the majority of the weighting will be on financial performance measures. Through the combination of the financial measures with the non-financial measures the STI will contribute to the long-term interests and sustainability of the company. Details of actual performance measures applied for each year and how they support the business strategy will be disclosed in the annual Remuneration Report. Performance against targets is monitored and determined based on an assessment of performance level versus each target level. The Board reviews the performance and determines the extent to which each of the targets latest financial information made public by MTG. The Board has discretion to adjust the formulaic STI outcome in changed circumstances to improve the alignment of pay with value creation for shareholders and to ensure that the outcome is a fair reflection of the company's performance, and will take into account any relevant environmental, social, and governance (ESG) matters when determining outcomes. To further strengthen the connection to the shareholders' interest and the company's long-term value creation, payment of

### Note 23 continues

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

### Extraordinary arrangements

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

### Long Term Incentive Program (LTIP)

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

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

### Pension

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

### Other benefits

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

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

### Termination of employment and severance pay

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

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

### Salary and employment conditions for employees

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

### Deviations from the guidelines

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

### Senior Executives

Senior Executives include the Chief Executive Officer, the Chief Financial Officer, Executive Vice Presidents and Group General Counsel. The Senior Executives are found on pages 61. The follow-



Note 23 continues

ing changes to the Group Management were made in 2022: Lars Torstensson resigned and was replaced by Lasse Pilgaard as CFO in May 2022. In 2021 there were no changes to the Group Management.

**Remuneration and other benefits 2022**

(SEK thousand)	Board fee	Base salary	Variable remuneration	Other benefits	Pension costs	Extraordinary costs	Total
Simon Duffy, Chairman of the Board	1,800						1,800
Simon Leung	830						830
Marjorie Lao	935						935
Chris Carvalho	830						830
Dawn Hudson	770						770
Natalie Tydeman	770						770
Gerard Florin	840						840
Florian Schuhbauer	830						830
Maria Redin, CEO		7,140	5,712	280	714	7,140	<b>20,986</b>
Senior Executives (4 persons)		12,471	8,795	1,001	1,231	28,120	<b>51,618</b>
<b>Total</b>	<b>7,605</b>	<b>19,611</b>	<b>14,507</b>	<b>1,281</b>	<b>1,945</b>	<b>35,260</b>	<b>80,209</b>

The numbers in the table above include the CEO's variable remuneration of SEK 6 (6) million, which is payable after the year-end.

As set out in MTG's remuneration guidelines, senior executives, that have a direct impact on the value creation in MTG's portfolio companies and subsidiaries, may participate in local Management Incentive Programs, i.e. cash based LTIPs linked to pre-determined levels for the value creation of a specific segment or subsidiary within MTG. In 2022 payment for such programs, launched 2019, to one (1) of the senior executives, was SEK 23 (33) million, which is included in the extraordinary costs in the table above.

In addition, non-cash share-based incentive program costs for LTIP 2021 calculated in accordance with IFRS 2 amounted to SEK 8 (3) million for the CEO and SEK 7 (3) million for other members of Group Management. Further non-cash share-based incentive program costs for LTIP 2022 calculated in accordance with IFRS 2

amounted to SEK 3 (-) million for the CEO and SEK 4 (-) million for other members of Group Management. Out of the remuneration to other members of the Group management, SEK 28 (8) million was expensed in the parent company and SEK 38 (43) million was expensed in the subsidiaries.

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

**Remuneration and other benefits 2021**

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

Note 23 continues**Decision process**

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

**Share-based payments**

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

The Annual General Meetings have established incentive programs for senior executives and key personnel. The company has three outstanding long-term Incentive programs: the 2019 LTIP which comprises 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, the Board decided not to propose any long-term Incentive program to the 2020 AGM in light of the uncertain financial effects and possible impact from Covid-19.

**Long-term incentive program 2019**

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

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

Based on the 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 war-

rants 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. The recalculated exercise price (subscription price) is SEK 92.90.

**Share-based long-term incentive plan 2021**

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

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

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

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

The rights issue, which was resolved on by the board of directors on 17 December 2020, was approved by the EGM in January 2021. 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.

Note 23 continues

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).

**Share-based long-term incentive plan 2022**

The 2022 Incentive Plan provides the participants a possibility to receive variable remuneration partly in the form of cash remuneration, partly in the form of MTG shares. In brief, the participants are allotted a variable remuneration in the beginning of 2023 (the "Performance Amount") of which a part will be paid out in cash, and a part will be allotted in the form of rights to receive MTG Class B shares free-of-charge (the "Share Amount" and the "Share Rights", respectively). Each 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. Compared to the outstanding incentive plans, the proposed performance period is shorter in the 2022 Incentive Plan. Approximately 20 key employees in MTG will be entitled to participate in the plan. The participants are divided into three tiers: the CEO ("Tier 1"), senior executives ("Tier 2"), and other key employees ("Tier 3"). The maximum Performance Amount is for each tier expressed as a percentage of the participant's 2022 annual base salary. The maximum values are: 250 percent for Tier 1 (of which 100 percent as a cash component and 150 percent as Share Amount), 225 percent for Tier 2 (of which 100 percent as a cash component and 125 percent as Share Amount) and 150 percent for Tier 3 (of which 50 percent as a cash component and 100 percent as Share Amount). The Share Amount shall be converted into a maximum number of Share Rights, based on the volume-weighted average price paid for MTG's Class B Share on Nasdaq Stockholm during a period of 30 days after the publication of the interim report for the 2022.

The performance criteria for vesting of the Share Amount and the Share Rights will be evaluated after the release of the interim report for Q4 2022. The cash portion of the incentive will be paid at the end of the performance period in Q1 2023 and the deferred portion allotted in share rights is subject to a further vesting period (50% vest in Q1 2024 and 50% in Q1 2025. Dividends and other value transfers (including the share redemption plan) will increase the number of shares that each Share Right entitles to, in order to align the participants' and shareholders' interests.

**Distribution of issued share awards and warrants**

No. of share awards and warrants outstanding	CEO	Senior executives	Key personnel	Total
LTIP 2019	250,253	130,372	39,408	<b>420,033</b>
LTIP 2021	128,696	105,514	83,217	<b>317,427</b>
LTIP 2022	113,588	201,491	74,162	<b>389,241</b>
<b>Total outstanding as per 31 December 2022</b>	<b>492,537</b>	<b>437,377</b>	<b>196,787</b>	<b>1,126,701</b>

The performance criteria include financial measures (60%), shareholder value creation TSR (25%) and Environmental Social and Governance ESG (15%).

The maximum number of Share Rights that may be granted under the 2022 LTIP is 495,000. In case of overperformance of one or more of the performance conditions based on financial measures and shareholder value return, to the extent that that the performance is between the target level and maximum level, the relative weighting on such condition may be linearly increased with up to 50 percent. The outcome for the participants in the 2022 Incentive Plan may however never exceed the maximum Performance Amount.

**Cost effects of the incentive programs**

The programs are equity-settled programs. The initial fair value of the stock option programs at the grant date is expensed during the vesting period. The cost of the programs is recognized in equity as an operating expense. The cost is based on the fair value of the MTG Class B share on the grant date and the number of shares expected to vest. The cost recognized for the programs in 2022 according to IFRS 2 amounts to SEK 16 (8) million excluding social security contributions. Total provision for the social security contributions in the balance sheet amounted to SEK 4 (2) million.

There were no exercisable Share Rights at the end of 2022.

**Dilution**

If all warrants granted to senior executives and key employees as at 31 December 2022 were exercised, the outstanding shares of the Company would increase by 609,047 (477,590) Class B shares, since the participants receive 1.45 shares for each warrant after recalculation. This will be equivalent to a dilution of 0.45 (0.41) percent of the issued capital and 0.44 (0.39) percent of the related voting rights at the end of 2022. Further if all shares rights were exercised, the outstanding shares of the Company would increase by 706,668 (-) Class B shares. This will be equivalent to a dilution of 0.53 (-) percent of the issued capital and 0.51 (-) percent of the related voting rights at the end of 2022.

Note 23 continues

	2022		2021	
	No. of share awards	No. of warrants	No. of share awards	No. of warrants
Share awards outstanding at 1 January	355,730	426,420	0	426,420
Recalculated due to dividends	70,634	-	-	-
Share awards issued during the year	389,241	-	359,780	-
Warrants repurchased	-	-6,387	-	-
Share awards forfeited during the year	-108,937	-	-4,050	-
<b>Total outstanding as per 31 December</b>	<b>706,668</b>	<b>420,033</b>	<b>355,730</b>	<b>426,420</b>

The warrants for 2019 program may be exercised between 15 June 2022 and 15 June 2023. The remaining average contractual life for the outstanding shares awards for 2021 program is 1 year and the shares awards will be exercised in the first quarter of 2024. The number of share rights in the 2022 Incentive plan will be calculated and allotted in Q1 2023. 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.

**Warrant, assumptions used when calculating value at grant**

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

LTIP programs/ Financial year	No. of allocated share awards and warrants	No. of people	Exercise price (subscription price (SEK) warrants)	Theoretical value at allocation (SEK)	Exercise period	Out-standing share awards and warrants as per 1 January	Recalculation due to dividend	Forfeited during the year	Exercised during the year	Out-standing share awards and warrants as per 31 December
<b>Grant 2019</b>										
2022						426,420		-6,387		<b>420,033</b>
2021						426,420				<b>426,420</b>
2020						426,420				<b>426,420</b>
2019	648,500	25	92.90	115.63	2022			-222,080		<b>426,420</b>
<b>Grant 2021</b>										
2022						355,730	70,634	-108,937		<b>317,427</b>
2021	359,780	15			2024			-4,050		<b>355,730</b>
<b>Grant 2022</b>										
2022	389,241	11			2024 & 2025					<b>389,241</b>
<b>Total grant</b>										
2022						1,171,391	70,634	-115,334		<b>1,126,701</b>
2021						786,200		-4,050		<b>782,150</b>
2020						426,420				<b>426,420</b>
2019						648,500		-222,080		<b>426,420</b>

The subscription price presented in the above table was recalculated based on the rights issue which was approved by the EGM in January 2021 and the 2022 share redemption plan that was approved by the AGM in 2022. In accordance with the terms and conditions for warrants 2019/2022, a recalculation of the subscription price as well as a recalculation of the number of MTG Class B shares for which each warrant entitles the holder to subscribe shall apply. The rationale for the recalculation is to compensate the warrant holders for the shareholders' right to purchase new MTG Class B shares at a discount in 2021 and for the extraordinary cash value transfer to MTG's shareholders in 2022.



## 24 Audit fees

(SEK million)	Group		Parent company	
	2022	2021	2022	2021
KPMG, audit fees	5	4	2	2
KPMG, audit related fees	-	0	1	1
KPMG, other assurance services	1	2	-	-
KPMG, other services	-	0	-	0
KPMG, discontinued operation	0	11	-	-
Other, audit fees	1	1	-	-
<b>Total</b>	<b>8</b>	<b>23</b>	<b>3</b>	<b>3</b>

## 25 Related party transactions

### Related Parties

The group has related party relationships with its subsidiaries.

All related party transactions are based on market terms and negotiated on arm's-length basis. In 2022 there are no transactions with associated companies.

### Remuneration of senior executives

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 the period was 866 (725) kSEK.

Gerhard Florin has been a member of the Board of MTG since the Annual General Meeting 2018. He also serves as Board member of Innogames. Innogames has paid 816 (750) kSEK 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.

## 26 Acquired operations

### Acquisitions in 2022

Kongregate expanded through the acquisition of 100 percent of the shares in the Chilean development studio Gamaga on July 18. The purchase price for the acquisition of Gamaga amounted to SEK 59 million (USD 5.7 million). In addition to the upfront consideration, MTG will pay performance-based earn-out payments where the discounted value was estimated to amount to SEK 8.9 million (USD 869 thousand). Gamaga's net assets at closing amounted to SEK 497 thousand (USD 48 thousand). Calculated goodwill for Gamaga amounted to SEK 58 million (USD 5.6 million). The acquired company did not contribute with revenues during the period or before the acquisition.

PlaySimples PPA has been adjusted during the third quarter, affecting goodwill by SEK 10 million. The PPA was finalized in the third quarter.

### Acquisitions in 2021

#### Ninja Kiwi

The group completed the acquisition of 100 percent of the shares in Ninja Kiwi Ltd. on June 1. Ninja Kiwi is a leading New Zealand-based developer and publisher of tower defence mobile games. Ninja Kiwi has a diversified games portfolio consisting of over 25 premium and free-to-play games which the company developed by building and improving games around the evergreen Bloons IP. Ninja Kiwi has broadened MTG's gaming segment to also include the tower defense games genre. The acquisition of Ninja Kiwi marks an important next step in the build-up of a more diversified gaming segment with high-quality gaming companies and is in line with MTG's strategy to drive value creation through organic growth and strategic mergers and acquisitions.

The purchase price for the acquisition of Ninja Kiwi (on a cash and debt-free basis) consisted of an initial purchase price of SEK 1,223 million (NZD 204 million). Of the upfront purchase consideration, SEK 541 million (NZD 90 million) was paid through a directed share issue to the sellers of Ninja Kiwi comprising 4,435,936 new Class B shares in MTG, which were paid by way of a set-off. The subscription price per share amounts to the equivalent of SEK 121.9, corresponding to the volume-weighted average price of the Class B shares on Nasdaq Stockholm from February 24 to March 23, 2021. Of the remaining part of the upfront purchase consideration, which amounted to equivalent to SEK 684 million (NZD 114.5 million), SEK 583 million (NZD 98 million) was paid in cash on June 1 and the remaining SEK 101 million (NZD 16.5 million) was paid in cash in December. In addition to the upfront consideration, MTG will make performance-based earn-out payments where the discounted value was estimated to SEK 389 million (NZD 64.5 million) at the time of the acquisition. The amount of the earn-out payments depend on the financial performance of Ninja Kiwi during 2021–2022. The first part of the earn-out, amounting to SEK 260 million, was paid in December 2021. As a result of the significant overperformance by Ninja Kiwi during 2021, the remaining discounted earn-out liability was remeasured at the end of the respective year to amount to SEK 608 million and SEK 736 million. Total remeasured estimated earn-out for the acquisition of Ninja Kiwi is SEK 1,213 million (including a currency conversion effect of SEK 62 million). Revaluation of earn-outs is recognized in net financial items in the income statement. Calculated goodwill for Ninja Kiwi is based on several factors. Among these are Ninja Kiwi's strong portfolio of live games and games in development, its established genre mastery, and the potential for additional group-wide synergies across MTG's gaming vertical, which will enable further increased user acquisition rates and lifetime values (LTV) for existing and new titles as well as operational improvements by implementing a new best practice across the gaming vertical.

The preliminary purchase price allocation for Ninja Kiwi has been adjusted after review of earn-outs, see table below.

Transactions costs of SEK 13 million are reported as administrative expenses in the income statement and as M&A transaction costs in adjusted EBITDA.

### Note 26 continues

#### Changes in earn-out debt

Company (SEK million)	Earn-out debt Jan 1, 2021	At the time for acquisition	Adjustment of preliminary purchase price allocation	Revaluation	Discounting effects	Payment	Exchange rate effect	Reclassification	Earn-out debt Dec 31, 2021
Hutch	586	-	-	-166	78	-	58	-	556
Ninja Kiwi	-	389	120	335	8	-260	16	-	608
PlaySimple	-	891	-	153	44	-	57	-	1,144
Other	14	-	-	-	-	-11	-	7	10
<b>Total</b>	<b>600</b>	<b>1,280</b>	<b>120</b>	<b>322</b>	<b>130</b>	<b>-271</b>	<b>131</b>	<b>7</b>	<b>2,319</b>

#### Changes in earn-out debt

Company (SEK million)	Earn-out debt Jan 1, 2022	Discontinued operations	Adjustment of preliminary purchase price allocation	Revaluation	Discounting effects	Payment	Exchange rate effect	Reclassification	Earn-out debt Dec 31, 2022
Hutch	556	-	-	-116	35	-101	30	-	405
Ninja Kiwi	608	-	-	254	44	-217	46	-	736
PlaySimple	1,144	-	-	86	140	-	190	-	1,560
Other	10	-10	-	-	-	-	-	-	0
<b>Total</b>	<b>2,319</b>	<b>-</b>	<b>-</b>	<b>224</b>	<b>220</b>	<b>-317</b>	<b>267</b>	<b>-</b>	<b>2,703</b>

### PlaySimple

The group completed the acquisition of 77 percent of the shares in PlaySimple on July 30, 2021. The second step of acquiring the remaining 23 percent of the shares in PlaySimple will be completed following regulatory approval. In the financial statement, a liability is recognized for the future acquisition of the remaining 23 percent and PlaySimple is treated as fully acquired (100 percent). No non-controlling interest is recognized. PlaySimple is a fast-growing developer and publisher of high-quality free-to-play mobile word games. With more than 200 full-time employees, a vision to create simple and impactful casual game experiences on a massive scale and best-in-class tech and analytics infrastructure, PlaySimple has become one of India's most exciting and fastest-growing mobile gaming companies. The company has built a worldwide network of chart-topping games with over 75 million installs to date, including the hit titles Daily Themed Crossword, Word Trip, Word Jam, Word Wars and Word Trek.

The purchase price for the acquisition of PlaySimple (on a cash and debt-free basis) consisted of an upfront consideration of SEK 3,090 million (USD 360 million). Of the upfront consideration, 77 percent, equivalent to SEK 2,388 million, was paid in cash on July 30, 2021, and 23 percent will be paid in MTG Class B shares following regulatory approval for the founders to receive the consideration in shares. Upon approval, the founders will receive 6,194,343 MTG Class B shares for the remaining 23 percent of the shares in PlaySimple (equivalent to a value per MTG Class B share of SEK 115.16, which corresponds to the 20-day volume-weighted average price of MTG Class B shares on Nasdaq Stockholm up to and including July 1, 2021, using the USD/SEK FX-rate of 8.582). If the founders do not obtain approval to receive the consideration in shares by October 31, 2023, MTG will acquire the remaining shares in PlaySimple against a cash consideration equivalent to the value of the consideration in shares at such time. In addition to the upfront consideration, MTG will make performance-based earn-out payments where the discounted value was estimated to amount to SEK 891

million at the time of the acquisition. The amount of the earn-out payments, which are made annually, depend on the financial performance of PlaySimple during 2021–2025. To meet the overperformance of PlaySimple during 2021 and the forecasts, the earn-out liability has been remeasured, and the discounted value at the end of 2022 amount to SEK 1,560 million (including a currency conversion effect of SEK 247 million). Revaluation of earn-outs is recognized in net financial items in the income statement. Calculated goodwill for PlaySimple is based on several factors. Among these are PlaySimple's best-in-class advertising infrastructure, its strong portfolio of lives games in the word games genre, its track record of developing multiple highly successful free-to-play games, and the potential for group-wide synergies within ads monetization, user acquisition and cross-promotion throughout MTG's gaming vertical.

Transactions costs of SEK 39 million for the acquisition are reported as administrative expenses in the income statement and as M&A transaction costs in adjusted EBITDA.

### Acquisitions in 2021

#### Contributions during 2021 from the acquisition date

(SEK million)	Ninja Kiwi	PlaySimple
Net sales	301	609
EBIT <sup>1)</sup>	174	63

<sup>1)</sup> EBIT includes amortization costs of purchase price allocations of SEK 24 million for Ninja Kiwi and SEK 57 million for PlaySimple.

#### Contributions from acquisitions if the acquisition had occurred 1 January 2021

(SEK million)	Ninja Kiwi	PlaySimple
Net sales	516	1,258
EBIT <sup>1)</sup>	257	80

<sup>1)</sup> EBIT includes amortization costs of purchase price allocations of SEK 41 million for Ninja Kiwi and SEK 136 million for PlaySimple. The result for PlaySimple also includes SEK 31 million in accelerated vesting of Employee Share Ownership Program (ESOP).

## 27 Divested operations, assets held for sale and discontinued operations

### Discontinued operations

Discontinued operations refer to companies that have been disposed. Result and cash flow from discontinued operations are presented separate from result and cash flow from continued operations.

### 2022

#### Distribution of ESL Gaming

On January 24, 2022, MTG announced the sale of ESL Gaming to Savvy Gaming Group (“SGG”) in an all-cash transaction valuing ESL Gaming at an enterprise value of USD 1,050 million (equaling SEK 9,723 million). At the time, MTG owned 91.46 percent of ESL Gaming, which corresponded to USD 960 million of the total enterprise value and represented a total return on investment of 2.5x. SGG simultaneously acquired FACEIT and with the intention to merge the two companies and create the leading global platform for competitive gaming – ESL FACEIT Group.

The transaction closed on April 21, 2022 and the divestment generated net proceeds of USD 880 million (SEK 8,281 million) for the group. MTG recognizes a capital gain of SEK 6,851 million. ESL Gaming generated revenue of SEK 525 million and a net result of SEK -504 million during the year.

#### Income Statement discontinued operations

(SEK million)	2022
Net sales	525
Cost of goods and services	-705
<b>Gross income</b>	<b>-180</b>
Selling expenses	-141
Administrative expenses	-160
Other operating income and expenses	15
<b>EBIT</b>	<b>-465</b>
Financial net	-40
<b>Income before tax</b>	<b>-504</b>
Tax	-3
<b>Net income for the year</b>	<b>-507</b>
Capital gain	6,851
FX hedge and exchange rate effect	-151
Tax on FX hedge and exchange rate effects	31
<b>Net income form the period, distributed operations</b>	<b>6,223</b>

#### Cash Flow, discontinued operations

(SEK million)	2022
<b>Cash flow from:</b>	
Operating activities	-37
Investing activities	-20
Investing activities net proceeds from sale	8,087
Financing activities	706
Financing activities FX hedge	-277
<b>Net cash flow for the period, discontinued operations</b>	<b>8,459</b>

## 28 Events after the reporting period

There were no events after the end of the reporting period.

## 29 Proposed appropriations of earnings

The following funds are at the disposal of the shareholders as at 31 December 2022 (SEK):

Parent company (SEK million)	
Premium reserve	5,676,973,880
Retained earnings	1,666,285,796
Net result 2022	7,745,751,843
<b>Total as per 31 December 2022</b>	<b>15,089,011,519</b>

The Board of Directors propose that no further dividend be paid to MTG shareholders for the financial year 2022, and that the retained earnings be carried forward.

# SIGNATURES

The Board of Directors and the Chief Executive Officer confirm that the annual accounts have been prepared in accordance with accepted accounting standards in Sweden, and that the consolidated accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the Group's and Parent Company's financial position and results of operations.

The Board of Directors' Report for the Group and the Parent Company gives a true and fair view of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

The annual accounts and the consolidated statements were approved by the Board of Directors and the Chief Executive Officer on 11 April 2023. The consolidated income statement and statement of financial position, and the income statement and balance sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on 17 May 2023.

Stockholm 11 April 2023

Gerhard Florin  
Non-Executive Director

Simon Duffy  
Chairman of the Board

Florian Schuhbauer  
Non-Executive Director

Marjorie Lao  
Non-Executive Director

Dawn Hudson  
Non-Executive Director

Natalie Tydeman  
Non-Executive Director

Chris Carvalho  
Non-Executive Director

Maria Redin  
President and Chief Executive Officer

Simon Leung  
Non-Executive Director

Our Audit report was submitted  
11 April, 2023  
KPMG AB

Helena Nilsson  
Authorized Public Accountant



# AUDITOR'S REPORT

**To the general meeting of the shareholders of Modern Times Group MTG AB (publ), corp. id 556309-9158**

**Report on the annual accounts and consolidated accounts**

**Opinions**

We have audited the annual accounts and consolidated accounts of Modern Times Group MTG AB (publ) for the year 2022, except for the sustainability report on pages 24-39, 117-125 and 131-134. The annual accounts and consolidated accounts of the company are included on pages 24-109, 117-125 and 131-134 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 24-39, 117-125 and 131-134.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

**Basis for Opinions**

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Key Audit Matters**

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

**Recoverability of goodwill and intangible assets**

See disclosure 2 and 9 in the annual account and consolidated accounts for detailed information and description of the matter.

*Description of key audit matter*

The carrying value of goodwill and other intangible assets such as trademarks and customer relations as at 31 December 2022 amount to SEK 12 billion, which is approximately 61% of total assets.

Goodwill and intangible assets with indefinite lives are required to be tested annually for impairment. Other intangible assets are tested where there is an impairment trigger.

The impairment tests are complex and include significant judgments. The recoverable value of these assets is based on forecasting and discounting future cash flows using assumptions, such as discount rates, revenue forecasts and long-term growth, which are inherently judgmental and which could be influenced by management bias.

*Response in the audit*

We obtained and considered the groups impairment tests to assure compliance with the methodology prescribed by IFRS.

We have also considered the reasonableness of the future cash flow forecasts and their underlying assumptions including long-time growth rates as well as the discount rates used. This has been done by, among other things, obtaining and evaluating written documentation and checking assumptions in the impairment testing against plans. Our work has also included examination of the group's sensitivity analysis to evaluate how reasonable changes in the assumptions may impact the valuation. We have also evaluated the Group's historical forecast performance and challenged assumptions about future growth and margins.

We have further evaluated the financial statement disclosures in relation to the requirements in the accounting standards.

**Valuation of contingent considerations from business combinations**

See disclosure 2, 19, 26 and accounting principles on page 74 in the annual account and consolidated accounts for detailed information and description of the matter.

*Description of key audit matter*

In the business combinations of Hutch, Ninja Kiwi and PlaySimple the Group has agreed with the sellers to include a contingent consideration which is contingent on the future financial development of the acquired business.

Liabilities for contingent considerations are valued at fair value in the balance sheet and amounted to SEK 2,702 million as of December 31, 2022.

The value is based on the terms in the agreements and include judgments about the discounted value of future revenue growth and profit margin. The calculation of the value is dependent of significant judgments. If actual outcome deviates from these assessments or if the assessments about the future financial development for an acquired business is changed this could result in a change in the value of the contingent considerations which is accounted for in the income statement as they occur.

*Response in the audit*

We have in our audit analyzed the agreements from performed acquisitions and the terms that is the basis for the contingent considerations. We have also assessed management's estimations regarding future revenue growth and operating margin as well as the discount rates used and, through this, the size of contingent considerations.

Furthermore, we have considered the completeness of the disclosures in the annual accounts and the consolidated accounts and assessed if they are in accordance with the assumptions used by management and that they, in all material aspects, are in accordance with the disclosures required by IFRS.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-39 and 116-137. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

### Report on other legal and regulatory requirements Auditor's audit of the administration and the proposed appropriations of profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Modern Times Group MTG AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our profes-



sional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

#### **The auditor's examination of the Esef report Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Modern Times Group MTG AB (publ) for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### **Basis for opinion**

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Modern Times Group MTG AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

#### **The auditor's opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the sustainability report on pages 24-29, 117-125 and 131-134 and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the stat-

utory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Modern Times Group MTG AB (publ) by the general meeting of the shareholders on the 8 June 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1997.

Stockholm April 11, 2023  
KPMG AB

Helena Nilsson  
Authorized Public Accountant

# FIVE-YEAR SUMMARY

Group (SEK million)	2022	2021	2020	2019	2018
<b>Continuing operations</b>					
Net sales	5,537	3,931	3,997	4,242	3,841
Change in reported net sales %	41.0	47.0	-6.1	10.4	34.3
Organic growth %	-4.0	-9.0	-4.4	6.5	9.1
Acquisitions/divestments %	35.0	12.0	-	-0.6	19.1
Changes in FX rates %	9.0	-4.2	-1.7	4.4	6.2
Operating income before items affecting comparability	558	513	45	-255	-180
Operating margin before items affecting comparability %	10.1	13.1	1.1	-6.0	-4.7
Items affecting comparability	0	-	-9	-152	139
Total operating income	558	513	35	-407	-41
Total operating margin %	10.1	13.1	0.9	-9.6	-1.1
Net income	252	-248	-96	-458	-107
<b>Discontinued operations</b>					
Net income	6,223	-207	-	14,852	1,260
<b>Total operations</b>					
Total net income	6,475	-454	-96	14,394	1,153
<b>Cash flow, continuing operations</b>					
Income before tax adjusted for items not included in cash flow	1,447	618	439	-71	1,610
Taxes paid	-408	-286	-199	-	-
Change in working capital	-171	-27	30	-117	-568
Cash flow from operations	868	306	270	-188	1,042
Investments in non-current intangible and tangible assets	-234	-252	-208	-238	-765
Net investments of business combinations and divestments	-402	-3,088	-2,263	1,780	62
<b>Per share data</b>					
Shares outstanding	123,731,164	110,385,832	76,190,509	76,190,509	75,781,689
Weighted average number of shares before dilution	116,950,340	103,786,751	76,190,509	76,118,826	75,638,264
Weighted average number of shares after dilution	117,355,207	103,942,052	76,190,509	76,118,826	76,213,317
Total basic earnings per share for continuing operations (SEK)	2.70	-1.86	-2.99	-7.24	-2.80
Total basic earnings per share (SEK)	56.26	-3.85	-2.99	187.77	13.72
Proposed ordinary dividend/Cash dividend per share (SEK)	-	-	-	-	-
Market price of Class B shares at close of last trading day	89.10	92.40	146.70	112.00	293.00

# CORPORATE SUSTAINABILITY NOTES



# MATERIALITY ASSESSMENT

Our materiality assessment is the foundation of our corporate sustainability strategy.

### MATERIALITY ASSESSMENT

We conducted a new materiality assessment in 2022 after making changes within MTG's operations and shifting our focus to pure gaming. We reviewed our sustainability performance against current and future laws and requirements as well as best practices and industry standards. All employees were invited to participate in a survey, 35 percent of all employees responded covering a range of geographies and roles. A third party conducted interviews with investors, the Board of Directors and MTG executives.

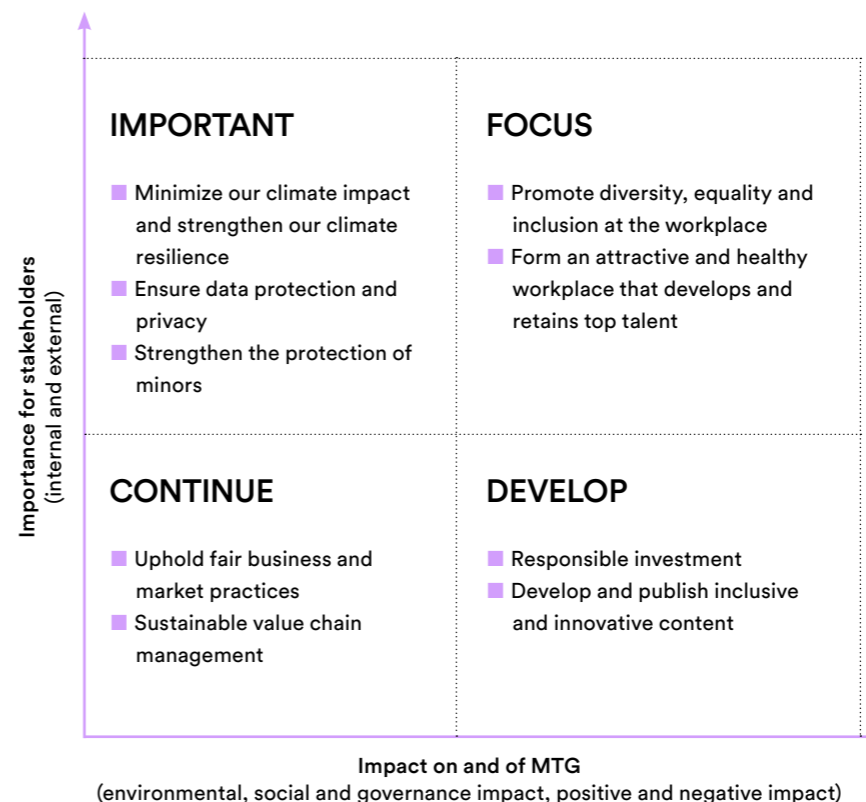
The results from the performance review, survey and interviews were combined with a sustainability risk and impact assessment of our value chain. The materiality assessment was finalized through internal workshops that prioritized topics and devised a plan for moving forward. The sustainability strategy was presented and approved by the Board of Directors in May 2022.

We aim to regularly review our strategy every three years to ensure we are aligned with stakeholder expectations and any changes in requirements and industry standards.

### STAKEHOLDER DIALOGS

Stakeholders are identified based on their engagement and influence on our corporate sustainability initiatives. This engagement guides us and provides input for our sustainability strategy and continued focus. How often we communicate with stakeholders depends on the group and need as well as any events during the year that may have impacted them. Engagement with the Board is always scheduled one year in advance. We also regularly engage with employees through internal channels on both group and local levels, while engagement with suppliers is needed.

Stakeholder group	Prioritized sustainability topics
Customers	Climate impact Diversity, equality and inclusion Employee work-life balance Responsible advertisements and payment processes
Board of Directors and Executive management	Diversity, equality and inclusion Healthy workplace and work-life balance Climate impact Attracting, developing and retaining talent
Employees	Attracting, developing and retaining talent Climate impact Diversity, equality and inclusion Healthy workplace and work-life balance
Shareholders and investors	Responsible, inclusive and innovative content Attracting, developing and retaining talent Protection of minors Diversity, equality and inclusion
Suppliers, partners and NGO's	Sustainable supply chain management Diversity, equality and inclusion Protection of minors
Trade associations and industry	Data protection and privacy Diversity, equality and inclusion Employee health and well-being Protection of minors



### MATERIALITY MATRIX

We identified eleven sustainability topics in the beginning of the materiality assessment. Following internal workshops with MTG executive management and Head of Corporate Sustainability, some topics were combined as they are interlinked in their management and actions required and some topics were separated into two as they require different actions.

The upper right corner "Focus" presents our high-priority topics that are in focus for the near future and in our sustainability strategy. Topics presented under "Important" are topics we need to keep on top of and ensure we meet stakeholders' expectations. "Continue" presents topics that are on our agenda but where we believe we are at a good level we need to maintain and not lose momentum. Topics that are of importance for our future development and on which we can have an impact are presented under "Develop". We believe these are topics that require a longer time to develop.





# SUSTAINABILITY RISK ASSESSMENT & MANAGEMENT

MTG’s risk analysis covers all four areas of sustainability – labor and human rights, environment and anti-corruption, across our value chain – and how we manage these risks. The risk assessment includes industry-specific risks as well as global risks identified in the Global Risks Report. All risks are assessed based on their potential impact (financial, legal and reputational) on MTG and the probability that the impact may occur.

Identified risks are managed by combining MTG’s sustainability strategy with our policy framework, and the local risk management unit of each portfolio company, particularly where the risks are specific to each company’s market and/or way of operating.

MTG also has an overall risk management approach that builds on continuous dialog with portfolio companies on sustainability risks, sharing best practices within the village.



DESCRIPTION OF RISK	MITIGATION	STATUS		
		Probability	Impact	Y-O-Y change
<b>ENVIRONMENTAL</b>				
<p><b>Physical risk: long-term risk</b> As frequency and impact from extreme weather events increase, we have especially identified increased risk of flooding and cyclones. These events could lead to server downtime, resulting in disruptions in our operations. Damage to offices and employees’ homes impact employees’ ability to do their work, leading to a halt in operations.</p> <p><b>Transition risk: short to medium-term risk</b> Increase in reporting requirements and regulations, predominately within the EU on climate change, will increase the need to collect more data and information from our studios. Could result in increased costs of reporting.</p>	<p>We address our climate impact through our sustainability strategy and the Code of Conduct. Our studios have company-specific climate strategies with a focus on e.g. increased use of renewable electricity and switching to server providers using renewable energy.</p> <p>We ensure that we have the correct insurance policies on our offices and where needed we have updated them.</p> <p>To ensure compliance with new and updated reporting legislation we have started improving our data collection processes and implemented some of the identified changes in reporting format.</p>			
<b>SOCIAL</b>				
<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>Gender imbalance in the workforce could lead to increased risk of discrimination, unhealthy work environments and lack of diversity in game development resulting in games that do not attract a wide audience.</li> <li>Lack of work-life balance, could lead to deliveries of lower quality, increase of ill-health and high employee turnover.</li> <li>Inability to recruit and retain skilled labor could severely impact our ability to develop successful games and maintain a high level of competence.</li> </ul> <p><b>Players</b></p> <ul style="list-style-type: none"> <li>Our players could face unsafe and unhealthy behavior in games with a social feature.</li> <li>Gaming addiction and negative impact on personal finances are present within the gaming industry and thus there is a risk of MTG being connected to such issues by being part of the industry.</li> </ul>	<p>Our policy framework combined with company-specific policies governs the identified social risks.</p> <p>Gender imbalance is governed by each portfolio company implementing actions to improve their DE&amp;I performance and knowledge on the area.</p> <p>Work-life balance is governed by local law as well as own initiatives such as a 4-day work week and continuous employee surveys to identify risk areas.</p> <p>We believe that addressing gender imbalance, reducing stressful work environments and providing growth opportunities, as well as actions such as transparent salary bands, will help attract and retain talents.</p> <p>Unsafe online environments are addressed through policies and guidelines. Tools and community managers ensure enforcement and a positive online environment.</p> <p>Gaming addiction is a complex issue that MTG is not solely responsible for. Still, we take responsibility by classify games by the correct age gate and build in functions that allow players to take breaks. For PRI we ensure to follow laws and transparent communication on odds to our players.</p>			
<b>GOVERNANCE</b>				
<p>MTG is dependent on its IT infrastructure to function. Being subject to a cyberattack or having personal user data stolen could result in severe business/financial impacts with possible legal implications. Employees could be prevented from carrying out their work for longer periods and players could lose trust in MTG, leading to a potential loss of revenue.</p>	<p>We address data protection through our policies for GDPR and personal information. Together with local DPMs, Head of Governance, Risk &amp; Compliance, Head of Data Protection and our Chief Information Security Officer, we ensure our companies are aligned within our risk framework and work constantly to strengthen the way we govern our IT environments.</p>			



# SUSTAINABILITY DATA

## ABOUT THE SUSTAINABILITY DATA

Employee data has been collected by each portfolio company, and reported in the group common platform Position Green. A predominant part of the data was extracted from internal HR systems, payroll systems, or excel files populated through a salary system or manually. All employee data is reported in headcount (HC) per the 31st of December 2022. Data include all our studios as well as our head office in Stockholm and employees in our office in Germany.

We have recalculated the sustainability data, social and environmental, for 2021 to exclude ESL Gaming to improve comparability over years. Data for PlaySimple was not included in 2021 following our policy where a company has to be part of MTG for six months or more to be included in the sustainability data.

## EMPLOYEES GRI 2-7

Employees	2022		Total
	Female and non-binary*	Male	
Total employees	315	802	1,117
Permanent employees	266	712	978
Full-time employees	239	677	916
Part-time employees	27	35	62
Temporary employees	49	90	139

\* Employees that identify themselves as non-binary or other have been combined with female employees to ensure the anonymity of those employees.

In the 2022 reporting, we cannot report the above data broken down per region as GRI Disclosure 2-7 Employees require due to limitations in the data collection process.

## WORKERS GRI 2-8

Workers	2022	2021
Total workers	14	-

The reported workers perform work such as QA, art design, safety and consultants. They are contracted as self-employed or as a supplier to the organization. 2022 is the first year for reporting on workers thus fluctuations in the number of workers are not recorded as of yet.

## COLLECTIVE BARGAINING AGREEMENTS GRI 2-30

	2022	2021
% of total employees covered	0	0

Employees that are not covered by a collective bargaining agreement have been determined to have contracts that are in line with local laws and regulations, our Code of Conduct, with a clear statement on freedom of association and collective bargaining, as well as the internal principles put forth in ILO.

## EMPLOYEES HIRES AND TURNOVER GRI 401-1

Employee hires	2022	2021
<b>Total</b>	<b>350 (31.3%)</b>	<b>138 (18.7%)</b>
Female and non-binary	115 (10.3%)	46 (6.1%)
Male	235 (21.0%)	92 (12.4%)
<b>Age</b>		
<30	204 (18.3%)	74 (10.0%)
30-50	137 (12.3%)	62 (8.4%)
>50	9 (0.8%)	2 (0.3%)

Employee turnover	2022	2021
<b>Total</b>	<b>195 (17.5%)</b>	<b>99 (13.5%)</b>
Female and non-binary	63 (5.6%)	30 (4.2%)
Male	132 (11.8%)	69 (9.3%)
<b>Age</b>		
<30	64 (5.7%)	26 (3.5%)
30-50	128 (11.5%)	70 (9.6%)
>50	3 (0.3%)	3 (0.4%)

Hire and turnover is calculated based on total employees. Employee turnover includes both voluntary and involuntary termination of employment. For 2023 reporting we will review the possibility to separate voluntary termination of employment.

## PARENTAL LEAVE GRI 401-3

	2022	2021
<b>Return to work rate</b>	<b>80%</b>	<b>55%</b>
Female and non-binary	53%	15%
Male	91%	68%
<b>Retention rate</b>	<b>111%</b>	<b>52%</b>
Female and non-binary	225%	14%
Male	100%	59%
<b>Employees entitled to parental leave</b>	<b>1,056</b>	<b>631</b>
Female and non-binary	291	154
Male	765	477
<b>Employees that took parental leave in the reporting year</b>	<b>63</b>	<b>38</b>
Female and non-binary	20	9
Male	43	29
<b>Employees that returned to work in the reporting period after parental leave ended</b>	<b>52</b>	<b>28</b>
Female and non-binary	10	2
Male	42	26
<b>Employees that returned to work after parental leave ended that were still employed 12 months after their return to work</b>	<b>50</b>	<b>23</b>
Female and non-binary	9	1
Male	41	22

In some instances, the entitlement to parental leave is recognized and followed as prescribed by law, without internally reinforcing and/or restating the legal right to parental leave in a written form.

In other instances, the entitlement to parental leave activates once the employee has been working in the company for a certain period of time, e.g., 12 months period. Similarly, sometimes the entitlement to parental leave establishes itself at the moment one becomes a parent.

These circumstances have been taken into account when reporting how many employees are entitled to parental leave in the reporting year. Thus, the total number of employees entitled might be lower than the total number of employees.

For employees that returned to work after their parental leave ended, it was not possible to determine if they stayed 12 months later because that time period has not fully passed yet. The retention rate is larger than 100% due to employees that took parental leave in 2020 and returned in 2022, following longer parental leave than 12 months and returned during the reporting year. Often the parental leave is combined with paid leave resulting in returning after 12 months.

## WORK-RELATED INJURIES AND ILL HEALTH GRI 403-9&10

Number and rate	2022	2021
Fatalities	0 (0)	0 (0)
High-consequence work-related injuries (excluding fatalities)	0 (0)	0 (0)
Recordable work-related injuries	0 (0)	0 (0)
Fatalities as a result of ill health	0	0
Cases of recordable work-related ill health	38	3
Estimated working hours	2,260,808	1,495,736

All reported cases of ill health in 2022 and 2021 were connected to Covid-19. The rates are calculated based on an assumption of 8 hours per day; 253 working days per year times the number of employees and per 1 000 000 hours worked.

MTG operates in countries where employees have access to non-occupational medical and healthcare services. For more information on additional support provided to employees, see our chapter on "Inclusive & Welcoming".

## MANAGING INDIRECT HEALTH AND SAFETY IMPACTS

We acknowledge our impact on health and safety beyond our direct operations. Our Supplier Code of Conduct includes clear requirements to provide employees with safe and healthy work environments. We aim to operate according to international standards such as the Fundamental Conventions of the ILO and the UN Universal Declaration of Human Rights

## AVERAGE HOURS OF TRAINING PER EMPLOYEE GRI 404-1

	2022	2021
Female and non-binary	8	40
Male	8	43
Senior executives	3	31
Top managers	2	90
Middle managers	18	50
Non-managers	8	38

In 2021 our companies focused on providing occupational trainings to employees as a result of the pandemic and focus for that year. Thus, the significant reduction of average training hours in 2022, where the level of provided training is back to what is believed to be a normal level.

## PERFORMANCE AND DEVELOPMENT REVIEW GRI 404-3

	2022	2021
<b>% of total employees</b>	<b>82%</b>	<b>99%</b>
Female and non-binary	76%	98%
Male	85%	99%
Senior Executives	67%	82%
Top managers	67%	98%
Middle managers	92%	100%
Non-managers	83%	99%

MTG does not have a central HR function which would enable centralized supervision of the PDA processes on a group level. In some instances, the PDA processes activate after a probation period has ended for the employee in question and in other instances, newly employed people are not immediately included in the PDA process.

This means that there is a cut-off period for participation in the performance reviews, hence the employees hired after the cutoff date will automatically be excluded from a performance review for the year they have entered the company.

**DIVERSITY GRI 405-1**

Number and share	2022	2021
<b>Board of Directors</b>		
Female and non-binary	3 (38%)	43%
Male	5 (63%)	57%
<30	0 (0%)	0%
30-50	2 (25%)	29%
>50	6 (75%)	71%
Nationalities represented	6	5
<b>Senior executives</b>		
Female and non-binary	4 (15%)	15%
Male	23 (85%)	85%
<30	0 (0%)	0%
30-50	25 (93%)	94%
>50	2 (7%)	6%
Nationalities represented	9	11
<b>Top managers</b>		
Female and non-binary	11 (15%)	18%
Male	64 (85%)	83%
<30	11 (15%)	30%
30-50	60 (80%)	63%
>50	4 (5%)	8%
Nationalities represented	16	14
<b>Middle managers</b>		
Female and non-binary	24 (21%)	22%
Male	91 (79%)	78%
<30	10 (9%)	11%
30-50	102 (89%)	86%
>50	3 (3%)	3.3%
Nationalities represented	16	26
<b>Non-managers</b>		
Female and non-binary	276 (31%)	28%
Male	624 (69%)	72%
<30	403 (45%)	30%
30-50	477 (53%)	67%
>50	20 (2%)	3%
Nationalities represented	57	53
<b>MTG total nationalities represented</b>	<b>59</b>	<b>58</b>

MTG does not have group common employee roles or titles.

- Managers are employees with staff responsibility. Non-managers are employees with no staff responsibility.
- Senior Executives include Chief Executive Officer, Chief Financial Officer, Executive Vice President, and Group General Council.

**CHARITY DONATIONS AND VOLUNTEER HOURS**

	2022	2021
Cash donations, KSEK	3,835	1,365
Value of donated products and services, KSEK	178	67
Volunteer hours	26	258

The cash donations have significantly increased mainly due to PlaySimple's contributions via their required CSR donation program in India.

**COMPLIANCE DATA GRI 2-27**

	2022	2021
<b>Whistleblower reports</b>		
- Breach of our Code of Conduct	0	0
- Breach of our Anti-Discrimination & Harassment Policy	0	0
- Breach of our Anti-corruption Policy	0	0
<b>Confirmed cases of corruption</b>	<b>0</b>	<b>0</b>
<b>Compliance with laws and regulations</b>	<b>0</b>	<b>0</b>

We have not had any whistleblower cases, in 2022, see more on page 36. We have not had any cases of non-compliance with laws and regulations nor no fines were paid during the reporting period.

# CLIMATE DATA

**EMISSION DATA GRI 305-1 TO 4**

Greenhouse gas (GHG) emissions (tCO <sub>2</sub> e)	2022	2021
<b>Scope 1</b>	<b>1.3</b>	<b>1.7</b>
<b>Scope 2 (location-based)</b>	<b>402.9</b>	<b>124.3</b>
Scope 2 (market-based)	312.2	46.2
<b>Scope 3</b>	<b>1,893.6</b>	<b>729.6</b>
- Purchased goods and services (3.1)	492.2	-
- Fuel and energy related emissions (T&D) (3.3)	34.6	-
- Waste generated in operations (3.5)	6.5	-
- Business travel (3.6)	589.5	117.3
- Employee home office (3.7)	435.6	-
- Upstream leased assets (3.8)	335.3	612.3
<b>Total emissions (location-based)</b>	<b>2,297.8</b>	<b>855.6</b>
Total emissions (market-based)	2,207.1	777.5
Emissions, location-based (tCO <sub>2</sub> e), per employee	2.1	1.2
Outside of scope emissions (tCO <sub>2</sub> e)	72.9	-

Data is reported and calculated according to the GHG Protocol Corporate Accounting and Reporting Standard.

Activity data has been collected through procurement systems, supplier invoices and reports, estimates when data has been missing and landlord reporting. All activity data is consolidated in the group common platform Position Green, where emissions are also calculated based on reported activity data.

The climate data is calculated using GWP 100 from IPCC sixth assessment report (AR6) and includes all six greenhouse gases. Emission factors originate from DEFRA, IEA, AIB, research reports and suppliers.

Outside of scope emissions are calculated based on fuel and electricity use. These emissions represent direct carbon dioxide (CO<sub>2</sub>) impact of burning biomass and biofuels.

We have estimated GHG emissions, based on employees (HC), where we have not been able to collect activity data. The reason for adding estimated data is to ensure we capture our full value chain emissions.

- We have estimated GHG emissions for purchased goods and services (3.1) for Ninja Kiwi Auckland office and Kongregate.
- We have estimated GHG emissions for generated waste (3.5) for Kongregate and PlaySimple.



# ABOUT THE SUSTAINABILITY REPORT

## REPORTING BOUNDARY

The Sustainability Report (page 24-39 and 117-134) of this report summarizes our work within Corporate Sustainability throughout our operations.

The report boundary has been defined by using the Global Reporting Initiative (GRI) Boundary Protocol and completeness principle to reflect MTG's significant economic, environmental and social impacts.

The material topics we report on have been identified based on their relevance to our business as a strategic operational and investment holding company in gaming. Our Corporate Sustainability reporting is based on the Global Reporting Initiative Standards Framework (GRI Standards), the EU Non-Financial Reporting Directive (Directive 2014/95/EU), which is also implemented into Swedish Law as well as the legal requirements of non-financial reporting in the Annual Accounts Act (ÅRL).

MTG's current practice is to verify the sustainability report information. For the report 2022, we have externally verified the sustainability data in accordance with AA1000AS v3 Type 2 Moderate-level assurance.

## REPORT SCOPE

The reporting scope is based on two aspects. We include companies where we exercise decisive control (i.e., companies where MTG Modern Times Group AB owns 50 percent or more) and companies that have been part of MTG for more than six months. For 2022, all our studios were included: Hutch Games, InnoGames, Kongregate, Ninja Kiwi and PlaySimple, as well as our head office in Stockholm and operations in Germany.

## RESTATEMENT OF INFORMATION

We have recalculated 2021 sustainability data to improve comparability between 2021 and 2022. We have excluded ESL Gaming from 2021 as they were divested in 2022 and thus not part of MTG in 2022. The recalculation has been applied to all data points reported in text and tables.

## REPORT APPROVAL

MTG's Board of Directors review and approve the Sustainability report following a review by the Executive management team and Audit committee.

## REPORT INFORMATION

Period: 01/01/2022-31/12/2022  
 Report periodicity: Annually  
 Report framework: GRI Standards  
 Previous report: 08/04/2021  
 Send feedback to: [comms@mtg.com](mailto:comms@mtg.com)

# GRI INDEX

**Statement of use** Modern Times Group MTG AB has reported the information cited in this GRI content index for the period January 1st to 31st of December 2022 with reference to the GRI Standards.

**GRI 1 used** GRI 1: Foundation 2021

## General Disclosures

GRI Standard	Disclosure	Page	Omission	
			Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	2-3 & 8		
	2-2 Entities included in the organization's sustainability reporting	126		
	2-3 Reporting period, frequency and contact point	126		
	2-4 Restatements of information	122 & 126		
	2-5 External assurance	129		
	2-6 Activities, value chain and other business relationships	2-3 & 8-9 & 18-23		
	2-7 Employees	122	Information unavailable	We are not able to break down the requested data per region due to limitations in the data collection process
	2-8 Workers who are not employees	122		
	2-9 Governance structure and composition	58-61		
	2-10 Nomination and selection of the highest governance body	54-55 & 58		
	2-11 Chair of the highest governance body	58		
	2-12 Role of the highest governance body in overseeing the management of impacts	24, 36, 118-119 & 126		
	2-13 Delegation of responsibility for managing impacts	36, 54 & 57		
	2-14 Role of the highest governance body in sustainability reporting	36, 118 & 126		
	2-15 Conflicts of interest	36 & 58-60		
	2-16 Communication of critical concerns	36 & 124	Not applicable	No critical concerns were raised
	2-17 Collective knowledge of the highest governance body	127	Not applicable	No measures were taken in 2022
	2-18 Evaluation of the performance of the highest governance body	55		
	2-19 Remuneration policies	27 & 56		
	2-20 Process to determine remuneration	27 & 56		
	2-21 Annual total compensation ratio	127	Information unavailable	MTG does not have a group common payroll system limiting our ability to correctly collect and calculate the requested data.
	2-22 Statement on sustainable development strategy	24		
	2-23 Policy commitments	34-36		
	2-24 Embedding policy commitments	34-36		
	2-25 Processes to remediate negative impacts	36 & 120-121		
	2-26 Mechanisms for seeking advice and raising concerns	36		
	2-27 Compliance with laws and regulations	124		
	2-28 Membership associations	39		
	2-29 Approach to stakeholder engagement	118-119		
	2-30 Collective bargaining agreements	122		

**Material topics**

GRI Standard	Disclosure	Page	Omission	
			Reason	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	118-119		
	3-2 List of material topics	118		
<b>Anti-corruption</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	36		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	124		
<b>Emissions</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	24-25 & 30-31, 121 & 125		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	125		
	305-2 Indirect (Scope 2) GHG emissions	125		
	305-3 Other indirect (Scope 3) GHG emissions	125		
	305-4 GHG emissions intensity	125		
<b>Employment</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	28-29 & 121-132		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	122		
	401-3 Parental leave	123		
<b>Occupational health and safety</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	28-29, 121 & 123		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	28-29 & 123		
	403-2 Hazard identification, risk assessment, and incident investigation	28-29, 121 & 123		
	403-3 Occupational health services	28-29 & 123		
	403-4 Worker participation, consultation, and communication on occupational health and safety	28-29 & 121		
	403-5 Worker training on occupational health and safety	28-29		
	403-6 Promotion of worker health	28-29 & 123		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	123		
	403-9 Work-related injuries	123		
	403-10 Work-related ill health	123		
	<b>Training and education</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	28 & 123		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	123		
	404-3 Percentage of employees receiving regular performance and career development reviews	123		
<b>Diversity and equal opportunity</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	24-27, 121 & 124		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	124		



## Independent assurance statement

### Assurance information

Ethos International – Return on your social responsibility AB (Ethos) has performed an independent assurance of Modern Times Group MTG AB (MTG)’s sustainability-related data disclosed in the 2022 Annual and Corporate Sustainability Report (henceforth: “the Report”). The assurance process was conducted in accordance with the AA1000AS v3. We were engaged to provide Type 2 Moderate-level assurance, which covers;

- The nature and extent of adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact (henceforth: “the Principles”) and;
- The reliability and quality of specified performance information.

All sustainability-related data in the Report concerning operations where MTG exercised decisive control were assessed during this assurance process. Disclosed data subjected to mandatory auditing of the 2022 Annual and Corporate Sustainability Report was excluded in the scope. We used the Greenhouse Gas Protocol Corporate Standard for defining accuracy when evaluating performance information related to Scope 1, Scope 2, and Scope 3 data.

The assurance statement is intended for use by the management of MTG and all MTG’s stakeholders. The Directors of MTG have sole responsibility for the preparation of the Data and disclosures. Ethos served as a third-party assurance provider. With over 13 years of experience in conducting independent assurance processes for companies of all sizes in all industries in accordance with AA1000AS, Ethos’s sole responsibility was to provide a third-party, independent assurance of the Data. Our assurance team was comprised of Timmy Rosendal and Amanda Kihlman, both with knowledge and technical expertise within assurance processes in accordance with the standard. For more information about Ethos and our team’s expertise and experiences with assurance services, please visit our website: [www.ethos.se](http://www.ethos.se)

### Methodology

Our work was designed to verify, collect, and review evidence with the objective of providing moderate assurance of the Data as defined in AA1000AS v3. We undertook the following activities:

- Review of the processes for collecting and consolidating sustainability data within MTG, including interviews with the group’s companies.
- Review of information and samples of supporting evidence related to the Data provided to us by MTG on specific data points, reporting, and compilation processes.
- Accessing key reporting processes as well as reviewing electronic documents, e-mails, and other sources of internal and external evidence.

### Limitations

We have not been part of the data collection process and have therefore only been able to assure the results of the data collection process. The current data management process allows for the Data to be verified once compiled by MTG.

### Independence of assurance

Ethos and MTG are not involved in any other projects that could cause a conflict of interest for the assurance process.

### Performance related information

Based on the work undertaken, nothing came to our attention demonstrating that MTG does not adhere to the AA1000AP (2018) Principles or that the reliability and quality of data could be questioned.



## ethos

### Adherence to the Principles

**Inclusivity:** MTG and its group companies involve necessary stakeholders to collect and compile the Data disclosed in the Report.

**Materiality:** MTG and its group companies have identified and reported on material sustainability data concerning the operations, giving their current ability to collect certain data points related to Scope 3 and social indicators.

**Responsiveness:** MTG and its group companies are transparent about assumptions and estimations made when collecting and compiling the sustainability data disclosed, as well as its climate performance and its related impacts on the broader ecosystem where MTG operates.

**Impacts:** Given MTG’s decentralized business model, the approach of measuring, monitoring, and evaluating the impacts of the material sustainability data is sufficient and reliable. MTG and its group companies are accountable for how its operations and actions impact the climate and its employees.

### Reliability and quality

Overall, we have confidence in the level of accuracy of the sustainability data disclosed in the Report. The data collection and compilation processes are supported through evidence reviewed during the assurance and MTG’s process for collecting sustainability data through the online platform is well-organized and structured. However, the data may have elements of human error as some data points related to Scope 3 emissions and data related to employee training hours are partly calculated and compiled based on estimates. Hence this data may have a lower level of reliability. However, Ethos deems the estimations made to be reliable.

Ethos is not aware of any errors that would materially affect the results; therefore, we confirm we find MTG’s sustainability data in the Report is accurate and complete.


### Recommendations going forward

- Continue the dialogues with the group’s companies and support them with handling and addressing possible challenges for collecting and reporting sustainability data, especially when the scope of the sustainability data collection increases. This includes support for sharing best-practices, engaging with suppliers and external parties and measuring sustainability performance.
- Continue collecting supporting documents for the sustainability data as this will be more important with the implementation of the Corporate Sustainability Reporting Directive (CSRD)/European Sustainability Reporting Standards (ESRS) when the data will be subjected to external auditing.
- Review the possibility to collect supporting documents regarding estimations and/or assumptions to ensure that the data reported could be well explained as well as reporting the share of data that is based on estimates.

Ethos, Stockholm, 7<sup>th</sup> of March 2023



Timmy Rosendal, Senior advisor



Amanda Kihlman, Sustainability Advisor



# EU TAXONOMY

The EU Taxonomy, as described by The European Commission, presents and describes economic activities that are environmentally sustainable. The EU Taxonomy is part of the European green deal and aims to increase transparency, clarity and provide information on what economic activities can be considered environmentally sustainable.

MTG falls under the scope of the Non-Financial Reporting Directive and thus the scope of EU Taxonomy reporting on share of economic activities that meet the criteria put forth in the EU Taxonomy.

MTG has assessed its economic activities based on industry description and NACE codes as described in the EU Taxonomy Annexes I and II to the Climate Delegated Act (CDA). MTG is classified as ‘Movie, Video and TV (J59)’ according to the Swedish Tax Authority. MTG’s economic activities are not yet included in the taxonomy, thus our share of eligible turnover as defined by the EU Taxonomy is 0%.

MTG has also reviewed our investments (see note 9 and 10), this review concluded that our share of eligible capital expenditures and operating expenses as defined by the taxonomy is 0%.



Tribal Wars 2

Proportion of turnover (SEK million) from products or services with Taxonomy-aligned activities – disclosure covering year 2022

Economic activities (1)	Codes (2)	Absolute turnover (3) SEK million	Proportion of turnover (4) %	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Taxonomy aligned proportion of turnover, year N-1 (19) %	Taxonomy aligned proportion of turnover, year N (18) %	Category (enabling activity or) (20) E	Category ('transitional activity') (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N					
<b>A. Taxonomy-eligible activities</b>																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Total (A.1 + A.2)																					
<b>B. Taxonomy-non-eligible activities</b>																					
Turnover of Taxonomy-non-eligible activities (B)																					
Total (A + B)																					

Proportion of CapEx (SEK million) from products or services with Taxonomy-aligned activities – disclosure covering year 2022

Economic activities (1)	Codes (2)	Absolute turnover (3) SEK million	Proportion of turnover (4) %	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Taxonomy aligned proportion of turnover, year N-1 (19) %	Taxonomy aligned proportion of turnover, year N (18) %	Category (enabling activity or) (20) E	Category ('transitional activity') (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N					
<b>A. Taxonomy-eligible activities</b>																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
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CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Total (A.1 + A.2)																					
<b>B. Taxonomy-non-eligible activities</b>																					
Turnover of Taxonomy-non-eligible activities (B)																					
Total (A + B)																					



Proportion of OpEx (SEK million) from products or services with Taxonomy-aligned activities - disclosure covering year 2022

Economic activities (1)	Codes (2)	Absolute turnover (3) SEK million	Proportion of turnover (4) %	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Minimum safeguards (17) Y/N	Taxonomy aligned proportion of turnover, year N-1 (19) %	Taxonomy aligned proportion of turnover, year N (18) %	Category (enabling activity or) (20) E	Category ('transitional activity') (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N							
<b>A. Taxonomy-eligible activities</b>																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
OpEx of environmentally sustainable activities (Taxonomy aligned) (A.1)																						
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																						
Total (A.1 + A.2)																						
<b>B. Taxonomy-non-eligible activities</b>																						
Turnover of Taxonomy-non-eligible activities (B)		0	100%																			
Total (A + B)		0	100%																			

# DEFINITIONS

## Adjusted EBITDA

In order to assess the operating performance of the business, going forward, MTG's management will, focus on adjusted EBITDA, and adjusted EBITDA margin, which do not include the impact of items affecting comparability, non-recurring bonus structures, acquisition-related transaction expenses and impairment of own work capitalized, which are referred to as adjustments.

## ARPAU

Average net revenue per daily active user.

## CAPEX

Capital expenditures.

## Cash flow from operations

Cash flow from operations comprises operating cash flow before financial items, taking into account other financial cash flow.

## DAU

Daily active user.

## Earnings per share

Earnings per share is expressed as net income attributable to equity holders of the parent divided by the average number of shares.

## EBIT

EBIT (operating income) comprise earnings before interest and tax.

## EBITDA

Earnings before interest, tax, depreciation and amortization.

## Items affecting comparability (IAC)

Refers to material items and events related to changes in the group's structure or lines of business, which are relevant for understanding the group's development on a like-for-like basis.

## MAU

Monthly active user.

## NET DEBT

Net debt refers to the sum of interest-bearing liabilities less cash and cash equivalents. Liabilities such as earn outs and lease liabilities are not included.

## Organic growth

Change in net sales compared with the corresponding period of the previous year, excluding acquisitions and divestments and adjusted for currency effect.

## Pro forma growth

The change in net sales compared with the same period last year as if the company would have been fully consolidating its acquisitions and divestments as of the previous period and adjusted for currency effects. The pro forma figures have been prepared with advice from external expertise in order to restate a GAAP financial statement to IFRS and may include timing adjustments for both income and costs.

## Pro forma revenue

Revenue presented as if the company would have been fully consolidating its acquisitions and divestments. The pro forma figures have been prepared with advice from external expertise in order to restate a GAAP financial statement to IFRS and may include timing adjustments for both income and costs.

## Pro forma UA spend

User acquisitions costs presented as if the company would have been fully consolidating its acquisitions and divestments from January 1, 2021. The pro forma UA spend figures are presented in local GAAP for the respective portfolio companies from the time periods prior to being consolidated by MTG. Hutch was consolidated January 2021, Ninja Kiwi was consolidated June 2021 and PlaySimple was consolidated August 2021.

## Transactional currency effect

The effect that foreign exchange rate fluctuations can have on a completed transaction prior to settlement. This refers to the exchange rate, or currency risk associated specifically with the time delay between entering into a trade or contract and then settling it.

## Translational currency effect

Converting one currency to another, often in the context of the financial results of foreign subsidiaries into the parent company's and/or the group's functional currency.

## UA

User acquisition.

# ALTERNATIVE PERFORMANCE MEASURES

The purpose of Alternative Performance Measures (APMs) is to facilitate the analysis of business performance and industry trends that cannot be directly derived from financial statements. MTG is using the following APMs:

- Adjusted EBITDA
- Change in net sales from organic growth
- Organic pro forma growth

## Reconciliation of adjusted EBITDA

Adjusted EBITDA is used to assess MTG's underlying profitability. Adjusted EBITDA is defined as EBITDA adjusted for the effects of items affecting comparability, long-term incentive programs, acquisition-related transaction costs and impairment of capitalized internal work. Items affecting comparability refers to material items and events related to changes in the group's structure or lines of business, which are relevant for understanding the group's development on a like-for-like basis.

(SEK million)	2022	2021
<b>EBIT</b>	<b>558</b>	<b>513</b>
Amortization	637	442
Depreciation	34	32
<b>EBITDA</b>	<b>1,229</b>	<b>978</b>
Items affecting comparability		0
Impairment own capitalized costs	26	0
Long-term incentive programs	99	49
M&A transaction costs	19	75
<b>Adjusted EBITDA</b>	<b>1,373</b>	<b>1,102</b>

## Reconciliation of sales growth

Since the group generates the majority of its sales in currencies other than in the reporting currency (i.e. SEK, Swedish krona) and currency rates have proven to be rather volatile, the group's sales trends and performance are analyzed as changes in organic sales growth. This presents the increase or decrease in the overall SEK net sales on a comparable basis, allowing for separate discussions of the impact of exchange rates, acquisitions, and divestments. The following table presents changes in organic sales growth as reconciled to the change in the total reported net sales.

(SEK million)	2022	2021
<b>Total operations</b>		
Organic growth	-4%	-9%
Acquisition/divestments	35%	60%
Changes in FX rates	9%	-4%
Reported growth (%)	41%	47%

## Pro forma growth

Since the group from time to time makes transactions in the market, it is relevant to describe the current trend more accurately. Pro forma growth as a measure refers to an underlying development, excluding currency effects, including the acquisitions of Hutch, Ninja Kiwi and PlaySimple as if they were always part of MTG Group. The pro forma figures have been prepared with advice from external expertise in order to restate a GAAP financial statement to IFRS and may include timing adjustments for both income and costs.

(SEK million)	Group
<b>Reported sales FY 2021</b>	<b>3,931</b>
Adjustment for acquisitions	861
<b>Pro forma reported sales</b>	<b>4,792</b>
<b>Reported sales FY 2022</b>	<b>5,537</b>
Adjustment for acquisitions	-
<b>Pro forma sales FY 2022</b>	<b>5,537</b>
Foreign currency fluctuations	-520
<b>Pro forma sales FY 2022</b>	<b>5,016</b>
Pro forma growth FY 2022	5%

# FINANCIAL CALENDAR

## Interim Report Q1 2023

April 26, 2023

## Annual General Meeting 2023

May 17, 2023

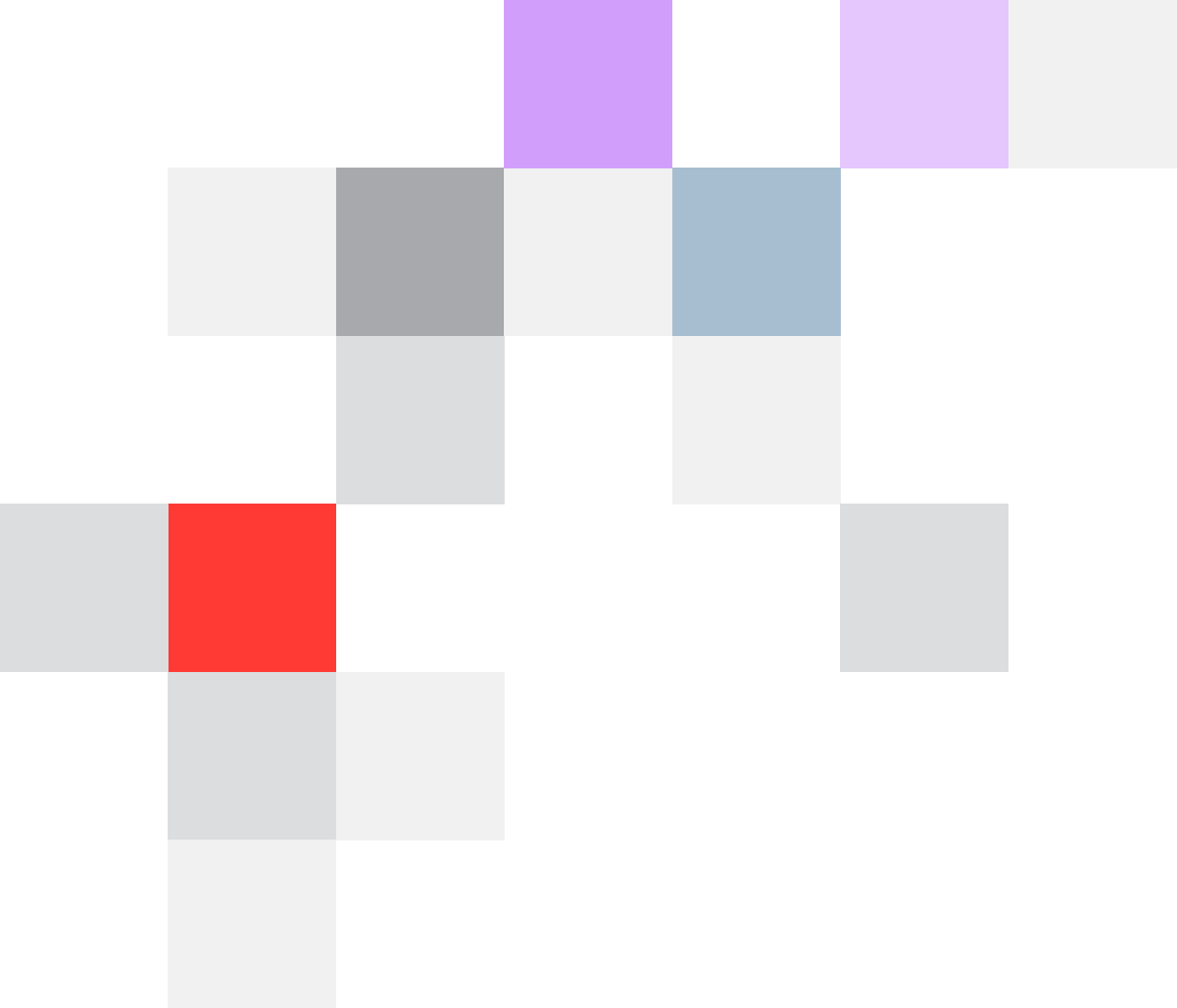
## Interim Report Q2 2023

July 20, 2023

## Interim Report Q3 2023

October 25, 2023





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