



NOTICE TO ATTEND THE ANNUAL GENERAL MEETING

The shareholders of Modern Times Group MTG AB (publ) are hereby invited to the Annual General Meeting on Tuesday 21 May 2019 at 12.00 CET at Meeting Room (The Square) at Alströmergatan 20 in Stockholm.

NOTICE TO ATTEND ETC.

Shareholders who wish to attend the Annual General Meeting shall

- be entered in the share register maintained by Euroclear Sweden on Wednesday 15 May 2019; and
- give notice of their attendance no later than Wednesday 15 May 2019. Notification is to be made on the company's website at www.mtg.com under the heading "2019 Annual General Meeting" (which can be found under the section "Investors" under the heading "General Meetings"), by telephone to +46 (0) 771 246 400 or by mail to Computershare AB "AGM, MTG", P.O. Box 610, SE-182 16 Danderyd, Sweden. Shareholders shall in their notice to attend state name, personal identification number or company registration number, address, phone number and advisors, if applicable.

Shareholders whose shares are registered in the names of nominees must temporarily re-register such shares in their own name in order to be entitled to attend the Annual General Meeting. In order for such re-registration to be completed on Wednesday 15 May 2019 the shareholder must inform their nominees well before that day. Shareholders attending by a proxy or a representative should send documents of authorisation to the mail address above, well before the Annual General Meeting. A template proxy form is available on the company's website www.mtg.com under the heading "2019 Annual General Meeting" (which can be found under the section "Investors" under the heading "General Meetings"). Shareholders cannot vote or, in other way, attend the Annual General Meeting by remote access. For information on how your personal data is processed, please visit <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

PROPOSED AGENDA

1. Opening of the Annual General Meeting.
2. Election of Chairman of the Annual General Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to check and verify the minutes.
6. Determination of whether the Annual General Meeting has been duly convened.
7. Remarks by the Chairman of the Board.
8. Presentation by the Chief Executive Officer.
9. Presentation of the Annual Report, the Auditor's Report and the consolidated financial statements and the Auditor's Report on the consolidated financial statements.
10. Resolution on the adoption of the Income Statement and the Balance Sheet and of the consolidated Income Statement and the consolidated Balance Sheet.
11. Resolution on the treatment of the company's results as stated in the adopted Balance Sheet.
12. Resolution on the discharge of liability of the members of the Board and the Chief Executive Officer.
13. Determination of the number of members of the Board.
14. Determination of the remuneration to the members of the Board and the auditor.
15. Election of Board members:
 - (a) David Chance (re-election, proposed by the Nomination Committee).
 - (b) Simon Duffy (re-election, proposed by the Nomination Committee).
 - (c) Gerhard Florin (re-election, proposed by the Nomination Committee).
 - (d) Donata Hopfen (re-election, proposed by the Nomination Committee).
 - (e) Natalie Tydeman (re-election, proposed by the Nomination Committee).
16. Election of the Chairman of the Board.
17. Determination of the number of Auditors and election of Auditor.
18. Approval of the procedure of the Nomination Committee.
19. Resolution regarding guidelines for remuneration to the senior executives.
20. Resolutions regarding LTI 2019, including resolutions regarding adoption of (a) a performance share plan for key employees, and (b) a warrant plan for senior executives and certain key employees.
21. Resolutions regarding delivery of MTG Class B shares to the participants in the performance share plan (items (a)-(b)).
22. Resolution regarding amendments of the Articles of Association.
23. Closing of the Annual General Meeting.

RESOLUTIONS PROPOSED BY THE NOMINATION COMMITTEE

Election of Chairman of the Annual General Meeting (item 2)

The Nomination Committee proposes that Tone Myhre-Jensen at Cederquist, member of the Swedish Bar Association, is elected to be the Chairman of the Annual General Meeting.

Determination of the number of members of the Board and election of the members of the Board and the Chairman of the Board (items 13, 15(a)-(e) and 16)

The Nomination Committee proposes that the Board shall consist of five members.

The Nomination Committee proposes that, for the period until the end of the next Annual General Meeting, David Chance, Simon Duffy, Gerhard Florin, Donata Hopfen and Natalie Tydeman shall be re-elected as members of the Board. John Lagerling has declined re-election.

The Nomination Committee proposes that David Chance is re-elected as Chairman of the Board.

Determination of the remuneration to the members of the Board and the Auditor (item 14)

The Nomination Committee proposes that remuneration for ordinary Board work for the period until the end of the next Annual General Meeting per board member shall be unchanged amounting to, in total, SEK 3,450,000 (2018: SEK 4,450,000, however, in 2018 the Board comprised seven members), and shall be allocated in accordance with the following:

- SEK 1,450,000 to the Chairman of the Board, and
- SEK 500,000 to each of the four other members of the Board.

The proposed remuneration for work within the committees of the Board for the period until the end of the next Annual General Meeting amounts to a total of SEK 740,000 (2018: SEK 887,500) and shall be allocated in accordance with the following:

- SEK 235,000 (unchanged) to the Chairman and SEK 130,000 (unchanged) to each of the other two members of the Audit Committee, and
- SEK 140,000 (2018: SEK 105,000) to the Chairman and SEK 52,500 (unchanged) to each of the other two members of the Remuneration Committee.

In total, the proposed remuneration for the work of the Board and its Committees amounts to SEK 4,190,000 (2018: SEK 5,337,500).

The Nomination Committee proposes that remuneration to the Auditor shall be paid in accordance with approved invoices.

Determination of the number of Auditors and election of Auditor (item 17)

In accordance with the Audit Committee's recommendation, the Nomination Committee proposes that the company shall have one registered accounting firm as Auditor, and that the registered accounting firm KPMG AB shall be re-elected as Auditor until the end of the 2020 Annual General Meeting. KPMG AB has informed MTG that the authorised public accountant Joakim Thilstedt will continue as auditor-in-charge if KPMG AB is re-elected as Auditor.

Approval of the procedure of the Nomination Committee (item 18)

The Nomination Committee proposes that the work of preparing proposals to the 2020 Annual General Meeting regarding the Board and auditor, in the case that an auditor should be elected, and their remuneration, Chairman of the Annual General Meeting and the procedure for the Nomination Committee shall be performed by a Nomination Committee. In addition, the Nomination Committee proposes that this procedure shall apply until the General Meeting resolves to change the procedure for appointing the Nomination Committee.

The Nomination Committee will be formed during September in consultation with the largest shareholders of the company as of the last business day in August. The Committee shall consist of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. The Chairman of the Board will also be a member of the Nomination Committee, and will act as its convener. The members of the Nomination Committee will appoint the Committee's Chairman at their first meeting.

The Nomination Committee is appointed for a term of office commencing at the time of its formation and ending when a new Committee is formed. If a member resigns during the Committee term, the Committee

may choose to appoint a new member. The shareholder that appointed the resigning member shall in such case be asked to appoint a new member, provided that the shareholder still is one of the largest shareholders in the company. If that shareholder declines participation in the Nomination Committee, the Committee may choose to ask the next largest qualified shareholder to participate (the Chairman shall however continue to contact the shareholders that are next in line if required to form a Nomination Committee composed of three members, including the Chairman of the Board). In the event of changes to the ownership structure of the company, the Committee may choose to amend its composition in order to ensure that the Committee appropriately reflects the ownership of the company. However, unless there are special circumstances, the composition of the Nomination Committee may remain unchanged following changes in the ownership structure of the company that are either minor or occur less than three months prior to the Annual General Meeting.

The Nomination Committee shall have the right to upon request receive personnel resources such as secretarial services from the company, and to charge the company with costs for recruiting consultants and related travel if deemed necessary.

RESOLUTIONS PROPOSED BY THE BOARD

Treatment of the company's result (item 11)

The Board proposes that the retained earnings, the share premium reserve and the result for the year, a total of SEK 3,002,493,424 is to be carried forward.

Guidelines for remuneration to the senior executives (item 19)

The Board proposes the following guidelines for determining remuneration for MTG's CEO and other senior executives in the MTG Group (the “**Senior Executives**”), as well as members of the Board if they are remunerated outside their directorship.

Remuneration Guidelines

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, pension and other benefits/allowances.

Fixed salary

The fixed salary for the Senior Executives shall be competitive and based on their individual responsibilities and performance.

Variable remuneration (STI)

The STI shall be based on fulfilment of established targets for the MTG Group and in the area of responsibility for each of the Senior Executives, respectively. The result shall be linked to pre-determined, measurable targets (qualitative, quantitative, general, individual). The targets within each area of responsibility are defined to promote MTG's development in the short and long-term.

The maximum payment under the STI shall generally not exceed 100 per cent of Senior Executives' individual fixed salary.

Variable remuneration (LTI)

The LTI shall be linked to pre-determined performance criteria, and may be both share and share price related as well as cash based.

Pension and other benefits

All benefits/allowances including pensions follow the competitive market practice in the applicable country of the Senior Executives' employment or residence.

Notice of termination and severance pay

Notice period can be up to 12 months depending on the local country market practice, but in any event compensation paid during the notice period plus any additional severance pay payable will not in total exceed an amount equivalent to the individual's 24 months fixed salary.

Deviation from the guidelines

The Board may deviate from the above guidelines on a case by case basis. For example, additional variable remuneration or cash payments may be paid in the case of exceptional performance or in special circumstances such as recruitment or retention. In such cases the Board will explain the reason for the deviation at the following Annual General Meeting.

Information regarding levels and structure for remuneration within MTG, and evaluation of the guidelines and auditor's statement with respect to the application of the guidelines

For information regarding the application of, and deviation from, the guidelines for remuneration to the Senior Executives during 2018, see the evaluation of remuneration to the Senior Executives (Report according to the Swedish Corporate Governance Code 9.1 and Ch 8 Sec 51 of the Swedish Companies Act), and the auditor's statement according to Ch 8 Sec 54 of the Swedish Companies Act regarding the application of the guidelines for remuneration which have applied during 2018 that are available on the company's website www.mtg.com under the heading “2019 Annual General Meeting” (which can be found under the section “Investors” under the heading “General Meetings”).

2019 long-term incentive plans (LTI 2019) (item 20)

Reasons for the proposal by the Board

In preparation for the split of MTG into two companies by distributing all of the shares in Nordic Entertainment Group to MTG's shareholders, MTG's Remuneration Committee undertook a comprehensive review of the Group's remuneration policies and practices. It was concluded that the remuneration policy for MTG would be designed to (i) simplify the incentive structure and improve the alignment with long-term shareholder value creation, (ii) shift short-term equity-based remuneration in the form of re-investment requirements for senior executives towards increased participation in the long-term share and share price related incentive plans, and (iii) increase flexibility to better suit MTG's (excluding Nordic Entertainment Group) investment operations; i.e. managing a portfolio of high growth digital entertainment operations focused on two verticals – Esports and Online Gaming – as well as shareholdings in a number of other entertainment companies. LTI 2019 is a key component of MTG's remuneration policy, and will be an important tool for MTG to recruit, motivate and retain the best talents for MTG, drive company financial performance and create an entrepreneurial feel and an upside potential for the best talent in the Group; this is vital in order for MTG to achieve long-term value growth for its shareholders. Against this background, the Board decided to propose that the Annual General Meeting resolves on a new LTI for 2019 comprising:

- (a) a long-term performance share plan (the "**Performance Share Plan**") for key employees in MTG, to drive company financial performance and create conditions to retain key talent, and
- (b) a long-term warrant plan (the "**Warrant Plan**") for senior executives and certain key employees in MTG, to create an entrepreneurial feel and an upside potential for the best talent in the Group.

The maximum number of MTG Class B shares that may be acquired by the participants in LTI 2019 (i.e. which may vest under the Performance Share Plan and which may be subscribed for by exercising the warrants issued under the Warrant Plan) is limited to 664,099 MTG Class B shares, representing approximately 0.99 per cent of the outstanding shares and 0.92 per cent of the outstanding votes in MTG. Furthermore, in LTI 2019, the maximum profit per share right (which may vest under the Performance Share Plan) and per warrant (that may be exercised under the Warrant Plan) is limited to an amount that corresponds to 4.0 times the share price of the MTG Class B share.

Preparation and administration of LTI 2019

MTG's Remuneration Committee has prepared LTI 2019 in consultation with external advisors and major shareholders. LTI 2019 has been dealt with at meetings of the Board during the first months of 2019.

The Board or the Remuneration Committee shall be responsible for preparing the detailed terms and conditions of the Performance Share Plan, as well as the detailed terms of the agreement to be entered into with the participants in the Warrant Plan, in accordance with the terms and guidelines resolved on by the Annual General Meeting.

Information regarding other long-term share or share price related incentive plans in MTG

There is currently no ongoing long-term share or share price related incentive plans in MTG. For further information regarding the acceleration of the incentive plans resolved by the 2016 and 2017 Annual General Meetings, please refer to the 2018 Annual Report, note 26 for the Group, and MTG's website at www.mtg.com.

Performance Share Plan for key employees in MTG (item 20(a))

Objectives of the Performance Share Plan

The main objective for adopting the Performance Share Plan is to drive company financial performance and create conditions to retain key talent. In summary, the Board believes that the implementation of the Performance Share Plan will have a positive effect on the Group's value growth and will ensure the participants' long-term commitment to the company.

The Performance Share Plan in brief

The structure of the Performance Share Plan is similar to the long-term incentive plans adopted in MTG during 2013-2017, with the following key changes: the performance measures are MTG's organic revenue growth and organic EBITDA margin, and the performance is measured during a one-year performance period. The proposed changes have been introduced to further tie participant remuneration to business

performance and value growth and to simplify the Performance Share Plan.

The Performance Share Plan is proposed to include approximately 27 key employees within MTG. The participants will be granted rights to receive MTG Class B shares free-of-charge after the three-year Vesting Period (as defined below). Allotment of shares requires that the participant is employed by MTG throughout the Vesting Period, and, applicable to the CEO and CFO and the other senior executives in Category 2 (as defined below), that they own MTG-shares amounting to a target holding. In addition, the number of MTG Class B shares that vests depend on the level of fulfilment of the two performance measures.

Grant of share rights

The number of rights to receive MTG Class B shares free-of-charge (the "**Share Rights**") granted to a participant shall be calculated by dividing the participant's annual base salary, gross before taxes, (the "**Base Salary**"), and a share price of SEK 117.24 (the average volume weighted price on MTG's Class B share at Nasdaq Stockholm during the last five (5) trading days in March 2019, the "**Share Price**").

In accordance with the above, grant of Share Rights under the Performance Share Plan will be the following:

- the CEO of MTG will be granted Share Rights amounting to approximately 56 per cent of his Base Salary;
- the CFO of MTG, approximately 4 other senior executives and 3 key employees ("**Category 2**") will be granted Share Rights amounting to approximately 50-65 per cent of their individual Base Salary;
- approximately 4 key employees ("**Category 3**") will be granted Share Rights amounting to approximately 57 per cent of their individual Base Salary; and
- approximately 14 key employees ("**Category 4**") will be granted Share Rights amounting to 75 per cent of their individual Base Salary.

In addition to the above, all participants except Category 4 will be entitled to participate in the proposed Warrant Plan under item 20(b).

Main terms of the Share Rights

The Share Rights shall be governed by the following main terms and conditions:

- Granted free-of-charge after the 2019 Annual General Meeting and will vest after a three-year period, ending when MTG's interim financial report for the period January – March 2022 is released (the "**Vesting Period**").
- May not be transferred or pledged.
- Dividends paid on the MTG Class B share will increase the number of shares that each Share Right entitles to, in order to align the participants' and shareholders' interests.
- One (1) Share Right entitle the participant to receive one (1) MTG Class B shares, as long as the participant throughout the Vesting Period is employed by MTG and the relevant performance measure for the Share Right has been reached. Exceptions to the condition that the participant must be employed throughout the Vesting Period can be approved by the Board in certain cases. For the CEO and the CFO and the other senior executives in Category 2, vesting also requires that they own shares corresponding to a target holding in MTG, that is 100 per cent of the annual base salary, net after taxes, (the "**Net Salary**") for the CEO and 50 per cent of the Net Salary for the CFO and the other senior executives (the "**Target Holding**").

Performance measures for the Share Rights

The number of MTG Class B shares that will vest depends on the level of fulfilment of the relevant performance measure for the Share Right during the financial year 2019 (the "**Performance Period**"):

- *MTG's organic revenue growth* (i.e. growth adjusted for additions and deductions in amounts corresponding to the sales revenues relating from acquired or divested businesses/verticals).
- *MTG's organic EBITDA margin*. EBITDA will be adjusted to reflect underlying performance (adjustments includes extra-ordinary and unbudgeted items including items affecting comparability and M&A costs).

70 per cent of the granted Share Rights will be measured on MTG's organic revenue growth and 30 per

cent on organic EBITDA margin. Each of the two performance criteria is measured separately.

The target levels (*entry* and *stretch*) for the performance measures have been set by the Board and after the Performance Period, MTG will in the 2019 Annual Report inform the shareholders of the target levels and the achievement of the performance measures as well as the number of MTG Class B shares to be transferred to the participants (subject to that the participants are employed by MTG throughout the Vesting Period, and, applicable to the CEO and the CFO and the other senior executives in Category 2, that they own MTG shares amounting to the Target Holding).

In order for each Share Right to entitle the participant to one (1) MTG Class B share, the *stretch level* for must have been fulfilled. If the *entry level* for the Share Rights is reached, 25 per cent of the participant's Share Rights measured on that performance criterion will vest. Where the level of fulfilment of the performance measures is between the entry and stretch level, vesting will occur on a linear basis. If the *entry level* is not reached all Share Rights measured on that performance criterion will lapse.

Administration of the Performance Share Plan

It is further proposed that the Board shall be entitled to make other adjustments, if it so deems appropriate, should changes occur in MTG or its operating environment that entails that the Performance Share Plan no longer correctly reflects the performance of MTG. Any such adjustments shall only be made in order to fulfil the main objectives of the Performance Share Plan.

Scope

The maximum number of MTG Class B shares which may be delivered to the participants on vesting of the Share Rights are limited to 213,995, representing approximately 0.32 per cent of the outstanding shares and 0.30 per cent of the outstanding votes. The number of MTG Class B shares that according to the Performance Share Plan may be delivered to the participants shall, under conditions that the Board stipulates, be subject to recalculation following a bonus issue, a share split or a reverse share split, a rights issue or similar measures.

Costs of the Performance Share Plan and effect on certain key ratios

The Performance Share Plan will be accounted for in accordance with IFRS 2, which stipulates that the Share Rights should be recorded as a personnel expense over the Vesting Period. Based on the Share Price; that the annual employee turnover is 10 per cent and that the CEO, CFO and the other senior executives in Category 2 own shares amounting to the Target Holding; and that 50 per cent of the granted Share Rights will vest, the total cost, exclusive of social security costs, for the Performance Share Plan is estimated to be approximately SEK 10.1 million.

Social security costs will also be recorded as a personnel expense in the income statement by current accruals. The social security costs are estimated to be approximately SEK 4.2 million with the assumptions above, an average social security tax rate of 31.42 per cent and an annual share price increase of 10 per cent during the Vesting Period.

The impact on basic earnings per share if the Performance Share Plan had been introduced in 2018 with the assumptions above would result in a decrease of SEK 0.10 on a yearly pro forma basis. The annual cost of the Performance Share Plan including social security contributions is estimated to be approximately SEK 4.9 million based on the above assumptions. This cost corresponds to approximately 0.4 per cent of MTG's total personnel costs, including social security contributions, of SEK 1,248 million in 2018.

The participant's maximum profit per Share Right (the "**Cap**") is limited to SEK 468.96 (including possible compensation that the participants receive for dividends paid to shareholders). This maximum profit corresponds to 4.0 times the Share Price of SEK 117.24. If the value of the MTG Class B share at vesting exceeds SEK 468.96 the number of shares each Share Right entitles the participant to receive will be reduced accordingly.

Assuming that the Cap is reached and 100 per cent fulfilment of the performance measures, the maximum cost for the Performance Share Plan is approximately SEK 25.1 million in accordance with IFRS 2, and the maximum cost for social security contributions is approximately SEK 31.5 million.

MTG intends to present the final outcome of the Performance Share Plan in the 2022 Annual Report.

All comparative figures for 2018 is calculated excluding Nordic Entertainment Group AB that MTG distributed to its shareholders following a resolution on the Extraordinary General Meeting 7 February 2019.

Delivery of shares under the Performance Share Plan

The Board has considered two alternatives for delivering MTG Class B shares to the participants, subject to the terms and conditions of Performance Share Plan; either MTG (i) transfers MTG Class B shares held by MTG to the participants, free-of-charge, in accordance with item 21(a) or (ii) enters into an agreement with a third party, under which the third party shall, in its own name, acquire and transfer MTG Class B shares in accordance with item 21(b).

The Board considers the first alternative as its preferred option. However, should the Annual General Meeting not approve the proposed transfer of own MTG Class B shares in accordance with the proposal under item 21(a), the Board proposes that the Annual General Meeting resolves that the Board may enter into a hedging arrangement with a third party to hedge the obligations of MTG to deliver shares under the Performance Share Plan in accordance with the proposal under item 21(b).

Warrant plan for senior executives and certain key employees in MTG (item 20(b))

Objectives of the Warrant Plan

The main objective of the Warrant Plan is to link senior executives' and certain key employees' incentives to the MTG share's long-term value growth, and thereby aligning the interests of the participants with those of the shareholders. The Board considers that the Warrant Plan will be for the benefit for MTG and MTG's shareholders, as the Warrant Plan will be an important program for MTG in order to create an entrepreneurial feel and an upside potential for the best talent in the Group; this is vital in order for MTG to achieve long-term value-growth for the shareholders.

Participation

The Warrant Plan is proposed to include the CEO of MTG and participants in Category 2 and 3.

Warrant issue and principal terms for the warrants

The Board proposes that the Annual General Meeting resolves to issue no more than 450,104 warrants, in one series (the "**Warrants**") as follows.

- MTG's wholly-owned subsidiary MTG Broadcasting AB, or another wholly-owned subsidiary to Modern Times Group MTG AB, (the "**Subsidiary**") shall, with deviation from the shareholders' preferential right, be entitled to subscribe for the Warrants. The reason for the proposed deviation from the shareholders' preferential right is set out under the heading "Objectives of the Warrant Plan" above.
- The Warrants shall be issued free-of-charge.
- Subscription shall take place on a subscription list no later than 21 June 2019. The Board has the right to extend the subscription period.
- There can be no over-subscription.

The issued Warrants entitle to a maximum of 450,104 MTG Class B shares, representing approximately 0.67 per cent of the outstanding shares and 0.62 per cent of the outstanding votes. If all Warrants are exercised, the share capital will increase with a maximum of SEK 2,250,520.

In addition, the Warrants shall be governed by the following main terms and conditions:

- Subject to the Warrant Cap (as defined below), each Warrant shall entitle the holder to subscribe for one (1) MTG Class B share.
- Each Warrant shall, during the period commencing on 15 June 2022 and up to and including 15 June 2023, entitle the holder to subscribe for one (1) new MTG Class B share for a subscription price corresponding to 115 per cent of the "**Entry Value**", i.e. the average volume-weighted price paid for MTG's share on Nasdaq Stockholm during the period 9 May – 22 May 2019, rounded off to the nearest full SEK ten (10) öre, whereby SEK five (5) öre shall be rounded up.
- The exercise price and the number of shares that each Warrant entitles to subscribe for shall be recalculated in the event of a split, reversed split, new share issue etc. in accordance with market

practice for Swedish warrants. The exercise price will not be less than the quota value of the share (Sw. *kvotvärde*).

- The new shares will entitle to dividends as from the time when they are recorded in the shareholders' register maintained by Euroclear Sweden.

The complete terms for the Warrants are available at www.mtg.com under the heading "2019 Annual General Meeting" (which can be found under the section "Investors" under the heading "General Meetings").

Transfer of the Warrants to the participants

The following terms and conditions shall apply for the transfer of the Warrants to the participants in the Warrant Plan.

The Subsidiary shall offer the Warrants to the participants in the Warrant Plan. The transfer of the Warrants shall be made at a price corresponding to the market value of the Warrants at the time of transfer (the premium), calculated by Willis Towers Watson by using the Binomial Options Pricing Model (BOPM). The transfer is estimated to occur during June 2019.

In addition, the Remuneration Committee has resolved on the detailed terms of the pre-emption agreement that will be entered into with the participants prior to the transfer of the Warrants to the participants. The main terms of the agreement with the participants are as follows:

- MTG subsidises the participants' purchase of Warrants by granting the participants a cash compensation corresponding to between 25-75 per cent (depending on the participant's category), net after taxes, of the Warrants purchased by the participant. Such subsidy 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 number of MTG Class B shares that the participant's Warrants entitle the holder to subscribe for will be capped to 4.0 times the Entry Value (the "**Warrant Cap**"). If the value of MTG's Class B share at exercise exceeds the Warrant Cap, the number of the participants' Warrants that may be exercised to subscribe for new MTG Class B shares will be reduced accordingly.
- MTG reserves a right (but no obligation) to buy-back the Warrants, if the participant ceases to be employed by MTG, or if the participant should wish to transfer its Warrants, at fair market value for unsubsidised or vested Warrants and the lower of the fair market value and purchase price for subsidised unvested Warrants after deduction of the subsidy, net after taxes, (pre-emptive right).

MTG's senior executives and certain key employees shall be entitled to acquire Warrants, as follows:

- The CEO of MTG can acquire no more than 250,253 Warrants at market value, and MTG will pay a subsidy that corresponds to the premium for 25 per cent of the Warrants, net after taxes;
- Participants in Category 2 can acquire up to 58,284 Warrants each at market value, and MTG will pay a subsidy that corresponds to the premium for 40-75 per cent of the Warrants, net after taxes; and
- Participants in Category 3 can acquire up to 4,643 Warrants each at market value, and MTG will pay a subsidy that corresponds to the premium for 75 per cent of the Warrants, net after taxes.

The number of Warrants that a participant may subscribe for is based on the participant's competence and area of responsibility. In practice, this means that most of the participants in Category 2 and 3 will not be offered to subscribe for the maximum number of Warrants for their respective category, as set out above.

Impact on key ratios

MTG's earnings per share is not affected by the issue of Warrants since the present value of the exercise price exceeds the current market price at the time of the transfer.

Costs

The transfer of the Warrants shall be made at a price equivalent to the market value at the time of transfer, which means that there are no social security contributions for MTG at the issue and transfer of the Warrants.

According to a preliminary valuation, based on the market value of the MTG Class B share during the last five (5) trading days in March 2019, the market value is SEK 18.53 per Warrant. The Binomial Options Pricing Model (BOPM) has been used for the valuation, assuming an exercise price of SEK 134.80 per share, a risk-free rate of 0 per cent and a volatility of 28.5 per cent. Paid premiums in connection with the transfer of the Warrants is expected to amount to a maximum of SEK 8.3 million and will increase equity. MTG's cost of the subsidy payable in connection with the transfer of the Warrants and social security contributions relating to the subsidy is expected to amount to a maximum of SEK 11.1 million in total during the term of the Warrants.

Delivery of MTG Class B shares to the participants in the Performance Share Plan (item 21)

The Board proposes the following methods to secure delivery of MTG Class B shares to the participants under the Performance Share Plan.

Transfer of own Class B shares to the participants in the Performance Share Plan (item 21(a))

The Board proposes that the Annual General Meeting resolves that a maximum of 213,995 Class B shares held by MTG may be transferred free-of-charge to participants, in accordance with the terms of the Performance Share Plan.

The number of shares that may be transferred to the participants shall be subject to recalculation in the event of an intervening bonus issue, reversed split, split, rights issue and/or other similar events.

Agreement with a third party in relation to transfer of MTG Class B shares to the participants in the Performance Share Plan (item 21(b))

As set out above under item 20(a), the Board proposes that the Annual General Meeting resolves that the Performance Share Plan may as an alternative, if the required majority for approval is not reached under item 21(a), be hedged by MTG entering into an agreement with a third party, under which the third party shall, in its own name, acquire and transfer MTG Class B shares to the participants in the Performance Share Plan.

Amendment of the Articles of Association (item 22)

The Board proposes that MTG's Articles of Association is amended to better reflect MTG's operations following the split, in accordance with the following.

Current wording

The object of the Company's business is to develop and sell goods and services within the media, information and communications businesses and other activities compatible therewith.

The Company shall also be entitled to own and manage real estate as well as shares and other movables, and carry on other activities compatible therewith.

*Proposed wording***§ 3, second and third paragraph**

The object of the Company's business shall be to own and manage real property and movables, primarily through investments in businesses within the sectors of digital entertainment, esport and online gaming. Furthermore, the object of the Company's business shall be to conduct business operations compatible with the above mentioned businesses.

MISCELLANEOUS

Shares and votes

There are a total number of 67,647,124 shares in MTG, whereof 545,662 class A shares and 67,101,462 class B shares. The total number of votes for all issued MTG shares is 72,558,082. As per the date of this notice, MTG holds 304,880 class B shares as treasury shares, which cannot be represented at the Annual General Meeting.

Special majority requirements and conditions with respect to the proposed resolutions in items 20-22

The resolutions under items 20(b) and 21(a) regarding transfers of Class B shares and Warrants to the participants in the Performance Share Plan and the Warrant Plan, respectively, are valid only if supported by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the Annual General Meeting.

The resolution to amend the articles of association under item 22 is valid only if supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

Documentation

The Nomination Committee's motivated statement explaining its proposals regarding the Board and information on the proposed members of the Board will be made available today at the company's website www.mtg.com.

The 2018 Annual Report, the Auditor's statement pursuant to Ch 8 Sec 54 of the Swedish Companies Act, the complete terms and conditions for the warrants to be issued under the Warrant Plan, the Boards' report of the results of the evaluation of remuneration to the senior executives (Report according to the Swedish Corporate Governance Code 9.1 and Ch 8 Sec 51 of the Swedish Companies Act) and the proposed Articles of Association are available at the company's website www.mtg.com under the headings "2019 Annual General Meeting" (which can be found under the section "Investors" under the heading "General Meetings") and at the company's premises at Skeppsbron 18 in Stockholm and will be sent to those shareholders who so request and state their postal address or email address.

The documentation can be ordered by telephone at +46 (0) 771-246 400 or in writing at the address Computershare AB "AGM, MTG", P.O. Box 610, SE-182 16 Danderyd, Sweden.

Authorisation

The Board, or the person that the Board will appoint, shall be authorised to make the minor adjustments in the Annual General Meeting's resolutions as may be required in connection with the registration with the Swedish Companies Registration Office and Euroclear Sweden.

Information at the Annual General Meeting

The Board and the CEO shall, if any shareholder so requests and the Board believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group and the consolidated accounts.

Stockholm, April 2019

MODERN TIMES GROUP MTG AB (PUBL)

THE BOARD

Other information

Schedule for the Annual General Meeting:

The doors open for shareholders at 11.00 CET.

The Annual General Meeting commences at 12.00 CET.

Interpretation

As a service to the shareholders, simultaneous interpretation from Swedish to English as well as from English to Swedish will be provided. This service may be requested when attendance to the Annual General Meeting is notified.
