



## ANNUAL GENERAL MEETING MONDAY 18 MAY 2020

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## **1. The Nomination Committee's motivated statement regarding the proposal for election of the Board.**

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### **MTG's Nomination Committee**

In accordance with the procedure resolved by the 2019 Annual General Meeting, the Chairman of the Board has convened a Nomination Committee to prepare proposals for the 2020 Annual General Meeting.

The Nomination Committee comprises Joachim Spetz, appointed by Swedbank Robur Fonder, Erik Durhan, appointed by Nordea Fonder, David Marcus, appointed by Evermore Global Advisors, LLC and David Chance, the Chairman of the Board. The members of the Nomination Committee appointed Joachim Spetz as the Committee Chairman at their first meeting.

### **The Nomination Committee's proposal for election of the Board**

The Nomination Committee proposes:

- That the Board shall consist of five members.
- The re-election of all current members of the Board, except for Donata Hopfen who has declined re-election.
- The election of Marjorie Lao as new member of the Board.
- The re-election of David Chance as Chairman of the Board.

The Nomination Committee's proposal is thus that the following persons are elected to the Board of MTG for a term of office until the end of the next Annual General Meeting:

- David Chance, Chairman of the Board
- Simon Duffy
- Gerhard Florin
- Marjorie Lao
- Natalie Tydeman

### **The Nomination Committee's work**

The Nomination Committee has held a number of meetings, with additional candidate interviews and Committee discussions between meetings. The Nomination Committee's work has primarily focused on the continued long-term development of the overall Board composition, with the aim to strengthen the mix of experiences and competencies present at Board level in order to increasingly match the challenges and opportunities faced by MTG as the company continues to take important steps to shape its business for the future.

In its assessment of the degree to which the current Board meets the requirements placed on it, the Nomination Committee has reviewed the current Board members' ability to devote the necessary time and commitment required, as well as the balance and diversity of contributions of experiences from the digital entertainment industry. The Nomination Committee also had the benefit of an internal performance review of the Board and its individual members.

### **The Nomination Committee's motivated statement regarding its proposals**

Having been informed of each Director's eligibility, except for Donata Hopfen who has declined re-election, the Nomination Committee resolved to propose the re-election of all the other current Board members.

In its work, the Nomination Committee has sought to strengthen the Board with complementary financial leadership experience from international technology and consumer focused companies. As a result of this pursuit, the Nomination Committee proposes the election of one new member to MTG's Board of Directors – Marjorie Lao.

Marjorie Lao was until March 2020 the CFO of the LEGO Group, the Danish toy company with products sold in more than 140 countries worldwide, 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. Before joining the LEGO Group in 2014, Marjorie was 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, McKinsey, and Procter & Gamble. She currently serves on the Board of Logitech International, one of the world's leading manufacturers of input and interface devices for personal computers (PCs) and other digital products. Marjorie holds an MBA from Harvard Business School and a B.Sc. from the University of Philippines.

The addition of Marjorie Lao brings twenty years of international finance leadership experience across the consumer and technology sectors. Marjorie also brings valuable perspectives on environmental, social, and governance (ESG) matters. The Nomination Committee is also pleased that Marjorie has agreed to join the Board's Audit Committee.

The Nomination Committee is of the opinion that the proposed Board composition demonstrates the right skills and commitment needed to support MTG's management in order to further develop and expand MTG's portfolio focused on strategic digital entertainment verticals – Esports and Online Gaming – as well as shareholdings in a number of other entertainment companies.

In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance 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. The Nomination Committee believes the composition of the proposed Board is fit-for-purpose in respect of the various dimensions of diversity, and will continue to pursue a high degree of diversity and gender balance in its efforts to compose the most capable Board.

Finally, it is noted that the Nomination Committee has evaluated each Board member's independence in the work of preparing its proposals for the 2020 Annual General Meeting, and found that the proposed Board is in compliance with the Swedish Corporate Governance Code's requirements for independence.

#### **Information about the proposed members of the Board**

Information about the proposed members of the Board, including the Nomination Committee's assessment of each member's independence, may be found on MTG's website at [www.mtg.com](http://www.mtg.com).

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April 2020

THE NOMINATION COMMITTEE  
MODERN TIMES GROUP MTG AB (PUBL)

2. **Press release 2020-04-24 – “The Nomination Committee of MTG has concluded its process for 2020 and hereby amends its proposal for the AGM”.**

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News release



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## **The Nomination Committee of MTG has concluded its process for 2020 and hereby amends its proposal for the AGM**

**STOCKHOLM, April 24th 2020 – Modern Times Group MTG AB (publ) (“MTG”) today announces that its Nomination Committee (Committee) has further progressed and concluded its Board nomination process and is therefore amending its proposal to the AGM. The Committee is proposing a second new Board member - Chris Carvalho - to be elected to MTG’s Board at the Annual General Meeting in May 2020 in addition to its earlier nomination of Marjorie Lao. The Committee aims to propose a third new Board member during the first half-year of 2020 to further expand the relevant skills and experience of the Board.**

The amended proposal, motivated opinion and information about all persons proposed as members of the Board can be found on MTG’s website, [www.mtg.com](http://www.mtg.com).

Chris Carvalho has a vast experience as an advisor and board member of several gaming and start-up companies including Roblox, Rogue Games, Gram Games, MTGx and PlayFab. Chris also spent four years between 2010-2013 as Chief Operating Officer at Kabam, a disruptive fast-growing free-to-play mobile gaming company, and ten years at Lucasfilm where he headed up business development, and 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.

Against this background, the Committee proposes that the board shall consist of six members and that the following persons are elected to the Board of MTG for a term of office until the end of the next Annual General Meeting: David Chance, Simon Duffy, Gerhard Florin, Natalie Tydeman, Marjorie Lao and Chris Carvalho.

The proposed addition of Chris Carvalho, who will also join the audit committee in place of Natalie Tydeman, will increase the total compensation of the Board from SEK 4.190.000 to SEK 4.690.000.

In anticipation of potential further changes to the Board next year, the Committee has also identified and attracted a 7th Board candidate, with complementary areas of expertise. Subject to formal approvals, which for practical reasons are unlikely to be obtained ahead of the AGM, the Committee aims to propose this candidate to the shareholders during the first half-year of 2020.

Joachim Spetz, Chairman of the Nomination Committee, commented: “The Nomination Committee is pleased to propose the election of Chris Carvalho as a new

Board member. Chris brings vital insights into the intersection of entertainment and technology, and how businesses can grow in excess of their market. The company will also draw on his past experience and deep knowledge of the gaming sector.”

Joachim Spetz, continued: “The entire Nomination Committee has worked hard to develop the Board composition in order to oversee MTG’s management team in its execution of the outlined strategy. The Committee looks forward to proposing a further addition to the Board, and aims to present this additional candidate to the shareholders during the first half of 2020.”

The Nomination Committee comprises Joachim Spetz, appointed by Swedbank Robur Funds, Erik Durhan, appointed by Nordea Funds, David Marcus, appointed by Evermore Global Advisors, LLC and David Chance, the Chairman of the Board.

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**About MTG AB**

*MTG (Modern Times Group MTG AB (publ.)) ([www.mtg.com](http://www.mtg.com)) is a strategic and operational investment holding company in esports and gaming entertainment. Born in Sweden, the shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB').*

3. **Press release 2020-05-12 – “The Nomination Committee proposes its third new Board member for the 2020 Annual General Meeting”.**

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News release



## **The Nomination Committee proposes its third new Board member for the 2020 Annual General Meeting**

**STOCKHOLM, May 12th 2020 — Modern Times Group MTG AB (publ) (“MTG”) today announces that, in addition to the earlier proposed election of Marjorie Lao and Chris Carvalho as new members of the Board, the Nomination Committee, as indicated in its press release from April 24 2020, proposes the election of a third new member of the Board - Dawn Hudson.**

The complete proposal for the Board of MTG, motivated opinion and information about all persons proposed as members of the Board can be found on MTG’s website, [www.mtg.com](http://www.mtg.com).

As indicated in the MTG press release from April 24, 2020, the Nomination Committee had identified and, subject to formal approvals, attracted a seventh Board candidate. The relevant approvals have now been obtained, and the Nomination Committee presents its third new proposed Board member to the 2020 Annual General Meeting - Dawn Hudson.

Dawn Hudson is a consultant and Board member of NVIDIA, a visual computing company focused on among other things gaming, listed on Nasdaq in the U.S., and Board member of Interpublic, one of the world’s leading advertising and marketing services companies, listed on New York Stock Exchange. Between 2014-2018 Dawn Hudson was Executive Vice President and Chief Marketing Officer for the National Football League (NFL) where she, among other things, was responsible for building the NFL brand and oversaw planning and execution of all major NFL events. Prior to joining the NFL, Hudson 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 Pepsi-Cola North America and CEO PepsiCo Foodservices.

Following the formal nomination of Dawn Hudson to the Board of MTG, the Nomination Committee proposes that the Board shall consist of seven members and that the following persons are elected to the Board of MTG for a term of office until the end of the next Annual General Meeting: David Chance, Simon Duffy, Gerhard Florin, Natalie Tydeman, Marjorie Lao, Chris Carvalho and Dawn Hudson.

The Committee propose that the Board fees per member level remain unchanged, but the addition of a seventh Board member, and also that Dawn will join the Board’s Audit Committee as a fourth Committee member, will increase the total compensation of the Board, from SEK 4.190.000 (2019: five Board members, and three Audit Committee members) to SEK 5.320.000.

Joachim Spetz, Chairman of the Nomination Committee, commented: “The

News release

Nomination Committee is pleased that Dawn Hudson now has accepted to join the MTG Board. Dawn has a deep background in marketing and branding, and brings particular expertise in organizing, executing, and marketing major sports events drawing on her years of experience from the NFL, one of the world's most recognizable sports brands. This will be of great support as MTG continues to expand and grow its esports brands and arenas."

Joachim Spetz, continued: "In our efforts to further develop the mix of skill-sets and experiences present at Board level to increasingly match the strategic priorities of MTG, the Nomination Committee has managed to identify and attract three individuals who will bring complementary experiences and areas of expertise to the Board – Marjorie Lao, Chris Carvalho and Dawn Hudson, and therefore resolved to propose an increase of the Board's size from five to seven members. The addition of these three candidates will bring twenty years of international finance leadership, deeper insights on the intersection of the entertainment and technology, and a strategic and operational perspective on major sports events".

The Nomination Committee comprises Joachim Spetz, appointed by Swedbank Robur Fonder, Erik Durhan, appointed by Nordea Fonder, David Marcus, appointed by Evermore Global Advisors, LLC and David Chance, the Chairman of the Board.

*The information was submitted for publication at 19.55 CEST on May 12th 2020.*

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**About MTG AB**

*MTG (Modern Times Group MTG AB (publ.)) ([www.mtg.com](http://www.mtg.com)) is a strategic and operational investment holding company in esports and gaming entertainment. Born in Sweden, the shares are listed on Nasdaq Stockholm ('MTGA' and 'MTGB').*

#### **4. The Nomination Committee's complete proposals regarding election and remuneration to the Board.**

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##### **Determination of the number of members of the Board and election of the members of the Board and the Chairman of the Board (items 11 and 13)**

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

The Nomination Committee proposes that, for the period until the end of the next Annual General Meeting, David Chance, Simon Duffy, Gerhard Florin and Natalie Tydeman shall be re-elected as members of the Board, and that Marjorie Lao, Chris Carvalho and Dawn Hudson are elected as new members of the Board.

##### **Determination of the remuneration to the members of the Board (item 12)**

The Nomination Committee proposes that remuneration per member level remain unchanged for the period until the end of the next Annual General Meeting, corresponding to a total remuneration for Board work and within the committees of the Board amounting to, in total, SEK 5,320,000, to be allocated in accordance with the following:

- SEK 1,450,000 to the Chairman of the Board.
- SEK 500,000 to each of the six other members of the Board.
- SEK 235,000 to the Chairman and SEK 130,000 to each of the other three members of the Audit Committee.
- SEK 140,000 to the Chairman and SEK 52,500 to each of the other two members of the Remuneration Committee.



## **5. Information on the proposed members of the Board.**

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### **David Chance**

*Chairman of the Board*  
*American and British, born 1957*  
*Elected 1998*

David is Chairman of the Board of Directors since May 2003. David was Deputy Managing Director of the BSkyB Group between 1993 and 1998. He has also served as a Non-Executive Director of ITV plc and O2 plc. David is also Chairman of Top Up TV and is a Non-Executive Director of PCCW Limited (Hong Kong), Chairman of its NOW TV media group and Chairman of Nordic Entertainment Group. David graduated with a BA in Psychology, BSc in Industrial Relations and MBA from the University of North Carolina.

Member of the Remuneration Committee.

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

Direct or related person ownership: 3,565 MTG class B shares per 31 December 2019.

### **Simon Duffy**

*Non-Executive Director*  
*British, born 1949*  
*Elected 2008*

Simon was Executive Chairman of Tradus plc until the company's sale in March 2008. Simon was also 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 held senior positions at EMI Group plc and Guinness plc. Simon is also a Non-Executive Chairman of YouView TV Ltd., as well as a Non-Executive Director of Oger Telecom Limited, Wizz Air Holdings Plc, Nordic Entertainment Group AB and Telit Communications Plc. Simon has also served as chairman of the board of Bwin.party digital entertainment plc and Mblox Inc. as well as board member of Millicom International Cellular and Avito AB. Simon is a Master's graduate of the University of Oxford and holds an MBA from Harvard Business School.

Chairman of the Audit Committee.

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

Direct or related person ownership: 1,750 MTG class B shares per 31 December 2019.

### **Gerhard Florin**

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

Gerhard has spent over 20 years in the entertainment and gaming industry, and currently serves on the Boards of MTG's subsidiary InnoGames and Codemasters PLC, a UK based games publishing company. Gerhard has previously served on the boards of 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 holds Master's and PhD degrees in Economics from the University of Augsburg in Germany.

Member of the Remuneration Committee.

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

Direct or related person ownership: 0 MTG shares per 31 December 2019.

### **Natalie Tydeman**

*Non-Executive Director*

*British, born 1971*  
*Elected 2017*

Natalie is Managing Partner of VT Partners LLP. Between 2007 and 2016, Natalie was at GMT Communications Partners, one of Europe's leading private equity specialists in the media and communications sectors, where she became Partner in 2010 and later promoted to Senior Partner in 2014. Natalie helped launch Excite in Europe, built Discovery Communications' European internet 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 Trustee of Nesta, a charitable foundation focused on increasing the innovation capacity of the United Kingdom, where she chairs the Venture Investment Committee and Nesta Investment Management. Natalie is also a board member of Nordic Entertainment Group AB. Natalie has also been a Trustee of the Central British Fund, a director of Seagull AS and a director of Bigpoint GmbH. Natalie holds a BA in Mathematics from the University of Oxford and an MBA from Harvard Business School.

Chairman of the Remuneration Committee and member of the Audit Committee.

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

Direct or related person ownership: 0 MTG shares per 31 December 2019.

### **Marjorie Lao**

*Proposed new Non-Executive Director*  
*Philippines, born 1974*

Marjorie Lao was up until March 2020 the CFO of the LEGO Group, the Danish toy company with products sold in more than 140 countries worldwide, where she from 2017 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. Before joining the LEGO Group in 2014, Marjorie was between 2006-2010 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 2011 and 2012, McKinsey 2002-2005, and Procter & Gamble 1996-2000. She currently serves on the Board of Logitech International, one of the world's leading manufacturers of input and interface devices for personal computers (PCs) and other digital products. Marjorie holds an MBA from Harvard Business School and a B.Sc. from the University of Philippines.

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

Direct or related person ownership: 0 MTG shares.

### **Chris Carvalho**

*Proposed new Non-Executive Director*  
*American, born 1965*

Chris Carvalho has vast experience as a board member and advisor of several gaming and start-up companies including Roblox, Gram Games (acquired by Zynga), MTGx, PlayFab (acquired by Microsoft), and Rogue Games. Chris also spent four years between 2010-2013 as Chief Operating Officer at Kabam, a fast growing free-to-play mobile gaming company that was acquired for almost \$1 billion, 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 holds an MBA from UCLA's Anderson School of Management and a BS from the University of California, Berkeley.

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

Direct or related person ownership: 2,500 MTG shares.

### **Dawn Hudson**

*Proposed new Non-Executive Director*  
*American, born 1957*

Dawn Hudson is a consultant and Board member of NVIDIA, a visual computing company focused on among other things gaming, listed on Nasdaq in the U.S., and Board member of Interpublic, one of the world's leading advertising and marketing services companies, listed on New York Stock Exchange. Between 2014-2018 Dawn was Executive Vice President and Chief Marketing Officer for the National Football League (NFL) where she, among other things, was responsible for 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 has a BA in business administration from Rochester Institute of Technology.

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

Direct or related person ownership: 0 MTG shares.

**6. Auditor's report in accordance with Ch 8, Sec 54 of the Swedish Companies Act whether the guidelines for remuneration to Senior Executives as approved by the Annual General Meeting has been complied with.**

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**Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed**

To the annual general meeting of Modern Times Group MTG AB (publ.), Corporate identity No 556309-9158

**Introduction**

We have audited whether the Board of Directors and the Chief Executive Officer of Modern Times Group MTG AB (publ.) during the year 2019 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 22 May 2018 and the annual general meeting on 21 May 2019.

**Responsibility of the Board of Directors and the Chief Executive Officer**

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

**Responsibility of the auditor**

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The audit firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Modern Times Group MTG AB accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit provides a reasonable basis for our opinion set out below.

**Opinion**

We consider that the Board of Directors and Chief Executive Officer of Modern Times Group MTG AB (publ.) during 2019 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 22 May 2018 and the annual general meeting on 21 May 2019.

Stockholm 17 April 2020

KPMG AB

A handwritten signature in blue ink, appearing to read 'J. Thilstedt', is written over a faint, larger version of the signature.

Joakim Thilstedt

Authorized Public Accountant

## **7. The Board's reasoned statement pursuant to Ch 19 Sec 22 of the Swedish Companies Act.**

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The Board's reasons for the proposed authorisation for the Board to repurchase own shares being in accordance with the provisions of Chapter 17, Section 3 paragraphs 2 and 3 of the Swedish Companies Act are as follows:

- MTG's objectives, scope of business and risks associated thereto are set out in the Articles of Association and in the submitted 2019 Annual Report.
- The Group's and the Parent Company's financial situation as of 31 December 2019 is stated in the 2019 Annual Report. The principles applied for valuation of assets and liabilities are also stated in the 2019 Annual Report.
- The Group's equity attributable to the Parent Company's shareholders amounted to SEK 5,569 million as at 31 December 2019, and the Parent Company's unrestricted equity totalled SEK 5,136 million.
- The Group's equity/assets ratio amounts to 58%. At 31 December 2019, the Group's liquidity reserve, including short term investments totalled SEK 1,824 million. There were no credit facilities.
- The costs in relation to repurchase of own Class A/B shares depends on to which extent, if at all, the Board makes use of the Annual General Meeting's authorisation to repurchase own ordinary shares. E.g. should the Board resolve to repurchase 1% of the outstanding ordinary shares in MTG, this would amount to approximately SEK 53.4 million (using the closing price for MTG's Class B share on 31 March 2020 (SEK 79)).

The proposed authorisation to repurchase MTG's own shares do not endanger the continuation of planned investments. MTG's financial position is such that MTG can continue its business and is expected to fulfil all of its obligations on both a short and long-term basis.

With reference to the aforementioned and what has otherwise been brought to the Board's attention, it is the Board's opinion that the proposed authorisation to repurchase MTG's own Class A/B shares is justified with reference to the requirements that the nature of the operations, the scope of business and the risks associated thereto place on the Parent Company's and Group's shareholders' equity, consolidation requirements, liquidity and position in general.

Stockholm, April 2020

THE BOARD OF DIRECTORS  
MODERN TIMES GROUP MTG AB (PUBL)

## **8. Evaluation of Modern Times Group MTG AB's remuneration to Senior Executives (Report according to the Swedish Corporate Governance Code 9.1).**

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The Remuneration Committee of the Board of Modern Times Group MTG AB (publ) comprises the Chairman of the Board David Chance and the Board members Gerhard Florin and Natalie Tydeman. Natalie Tydeman is Chairman of the Committee.

The responsibilities of the Remuneration Committee include issues related to salaries, pension plans, bonus plans and the employment terms for the CEO and other senior executives of MTG (the "**Senior Executives**"). The Committee also advises the Board on long-term incentive schemes.

In accordance with the Swedish Corporate Governance Code rule 9.1, the Remuneration Committee monitors and evaluates plans for variable remuneration (both ongoing and those that have ended during the year), the application of the guidelines for remuneration to the Senior Executives adopted at the Annual General Meeting as well as the current remuneration structure and levels of remuneration in MTG.

The following is the Board's report of the results of the evaluation:

### **General description of the remuneration to the Senior Executives during the year**

Remuneration to the Senior Executives consists of a fixed and variable salary paid in cash (STI), as well as the possibility to participate in long-term incentive plans (LTIP), pension schemes and customary benefits. The objective of the remuneration is to compose remuneration package that ensure that MTG can attract, motivate and retain Senior Executives and key employees.

The remuneration shall be based on conditions that are market competitive, within the context of MTG's international peer group, and at the same time aligned with the shareholders' interests.

### **Variable remuneration during 2019**

The STI shall be based on an annual evaluation of the performance in relation to established goals and targets. The STI during 2019 (including the retention bonus and one-time cash-based performance bonus described below) has not exceeded a maximum of 100 per cent of the fixed annual salary.

The 2019 AGM resolved on two LTIPs, a performance share plan and the warrant plan. Certain key employees in the MTG Group has also participated in cash-based LTI, linked to the value creation of a specific vertical or subsidiary within MTG. Furthermore, as MTG informed in the documentation to the 2019 Annual General Meeting, the Board as a part of the project to split MTG into two companies, agreed to award the CEO and certain senior executives a retention bonus and one-time cash based performance bonus (replacing the 2018 LTIP) that may result in that the participants total STI in 2020 may exceed 100 percent of their fixed salary.

Further information on the STI and LTI during 2019 can be found 2019 Annual Report, note 26 for the Group, and MTG's website at [www.mtg.com](http://www.mtg.com).

### **Evaluation of plans for variable remuneration, guidelines for remuneration to the Senior Executives and current remuneration structures and levels in MTG**

The Remuneration Committee follows and evaluates the STI and LTIPs and the expected outcome has been reported to the Board and discussed at Board meetings. The evaluation of the STI and LTI has shown that the programmes for variable remuneration, including the two LTIPs resolved by the 2019 Annual General Meeting, are, important tools in attracting, motivating and retaining the best talent for MTG globally, as they emphasize the importance of the value creation in MTG, and also create a more competitive remuneration package for MTG's team

The Remuneration Committee's evaluation has resulted in the conclusion that there has been compliance with the guidelines for remuneration to the Senior Executives resolved by the 2018 and 2019 Annual General Meetings during 2019. The Remuneration Committee has concluded that the guidelines have allowed MTG to recruit and retain the right Senior Executives. The guidelines have also contributed to maintaining the compensation for the Senior Executives well balanced. The Remuneration Committee considered that the guidelines effectively have supported their purpose and has recommended the Board

to propose that the 2020 AGM shall approve remuneration guidelines that in substance correspond to those applied as from the 2019 AGM. However, in order to meet new legal requirements, the proposed guidelines for remuneration are more detailed than the previous guidelines, and, in order to keep the total compensation package competitive in the context of MTG's international peers the Board proposes an increased maximum outcome for STI (from 100% to 125%).

The Remuneration Committee has also monitor the ongoing LTIPs and will continue to evaluate the structure of the LTIPs as they progress. The Remuneration Committee has concluded that a share or share price related incentive over time is a vital component of MTG's remuneration structure. In light of the considerable uncertainty relating to the effects from the spread of the corona virus, the Board of MTG has decided not to propose the implementation of an LTIP for 2020 to the Annual General Meeting.

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Stockholm, April 2020

THE BOARD OF DIRECTORS  
MODERN TIMES GROUP MTG AB (PUBL)

## **9. Proposed Articles of Association.**

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ARTICLES OF ASSOCIATION  
MODERN TIMES GROUP MTG AB  
**Adopted by the Annual General Meeting on 18 May 2020**

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### **§ 1**

The name of the Company is Modern Times Group MTG AB. The Company is a public company (publ).

### **§ 2**

The board of directors shall have its registered office in the municipality of Stockholm.

### **§ 3**

The primary purpose of the Company's business shall be to generate profit for its shareholders.

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, esports and online gaming. Furthermore, the object of the Company's business shall be to conduct business operations compatible with the above mentioned businesses.

The Company shall have the right to guarantee or otherwise pledge security for obligations assumed by other companies within the group.

### **§ 4**

The Company's share capital shall be not less than SEK 298,000,000 and not more than SEK 1,192,000,000.

The number of shares in the Company shall be not less than 59,600,000 and not more than 238,400,000.

### **§ 5**

Shares may be issued in three Classes, Class A, Class B and Class C. Class A shares may be issued to a maximum number of 238,400,000, Class B shares to a maximum number of 238,400,000 and Class C shares to a maximum number of 238,400,000. Each Class A share carry ten votes and each Class B share and Class C share carry one vote.

Class C shares do not entitle to dividends. Upon the Company's liquidation, Class C shares carry an equivalent right to the Company's assets as the other classes of shares, however not to an amount exceeding up to the quota value of the share, annualised as per day of distribution with an interest rate of STIBOR 30 days with an additional one percentage point calculated from the day of payment of the subscription price. STIBOR 30 days is set on the first business day of each calendar month.

Should the Company resolves on an issue of new Class A, Class B and Class C shares, against other payment than contribution in kind, each holder of Class A, Class B and Class C shares has preferential rights to subscribe for new shares of the same class in proportion to the number of old shares held by such holder (primary preferential rights). Shares not subscribed for with primary preferential rights shall



be offered for subscription to all shareholders in the Company (subsidiary preferential rights). If the number of shares so offered is less than the number subscribed for with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of already shares held, or, to the extent that this is not possible, by lot.

Should the Company resolves on an issue of new shares solely of Class A shares, Class B shares or Class C shares, against other payment than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held.

The stipulations regarding preferential rights shall apply *mutatis mutandis* for new issues of warrants and convertible debt, and shall not infringe on the possibility to resolve on an issue in which the preferential rights of shareholders are waived.

If the share capital is increased by a bonus issue, where new shares are issued, new shares of Class A and Class B shall be issued in relation to the number of shares of the same classes already held. In such cases, old shares of a specific class shall entitle to new shares of the same class. Class C shares do not carry rights to participate in bonus issues. Following a requisite amendment in the Articles of Association, the aforementioned stipulation shall not infringe on the possibility to issue shares of a new class by a bonus issue.

Reduction of the share capital, however not below the minimum share capital, may on request of holders of Class C shares or as resolved by the Company's Board of Directors or General Meeting, be made by redemption of Class C shares. A request from a shareholder shall be made in writing to the Company's Board of Directors and the Board of Directors shall promptly act on the matter. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the Company's equity reserves, if the required funds are available.

The redemption payment per Class C share shall correspond to the quota value of the share annualised per day with an interest rate of STIBOR 30 days with additional one percentage point calculated from the day of payment of the subscription price. STIBOR 30 days shall be initially set on the day of payment of the subscription price.

Following notice of the redemption resolution, holders having requested redemption shall promptly receive payment for the share, or, if authorisation from the Swedish Companies Registration Office or a court is required, following notice that the final decision has been registered.

Upon decision by the Board of Directors, Class C shares shall be reclassified into Class B shares, provided that the shares are held by the Company. Immediately thereafter, the Board of Directors shall report the reclassification to the Swedish Companies Registration Office (Sw. Bolagsverket) for registration. The reclassification is effected when it has been registered and the reclassification been noted in the Swedish Central Securities Depository.

It shall be possible to reclassify Class A shares to Class B shares. Holders of Class A shares shall, during the calendar months January and July each year (the "Reclassification periods"), be entitled to request that all or part of the shareholder's Class A shares shall be reclassified to Class B shares. The request shall be made in writing and must have been received by the Board of Directors no later than on the last day of the specific Reclassification period. The request shall state (i) the number of Class A shares that the shareholder wants to reclassify or (ii) the maximum percentage of the total number of votes in the Company, that the shareholder wants to hold, after reclassification has been completed of all Class A shares requested to be reclassified during the specific Reclassification period. When making a request according to alternative (ii) above, the shareholder shall also state the total number of Class A and Class B shares that the shareholder holds at the time of the request.

After the end of each Reclassification period, the Board of Directors shall consider the question of reclassification. Immediately thereafter, the Board of Directors shall report the reclassification to the Swedish Companies Registration Office (Sw. Bolagsverket) for registration. The reclassification is effected when it has been registered and the reclassification been noted in the Swedish Central Securities Depository.

## **§ 6**

The board shall consist of no less than three and no more than nine directors.

## **§ 7**

The Company shall have no more than three auditors with up to three deputy auditors. A registered accounting firm may be elected as auditor. The auditor's term of office shall last until the end of the Annual General Meeting that is held during the first, second, third or fourth financial year after the auditor was elected.

## **§ 8**

The Company's financial year shall be the calendar year.

## **§ 9**

Notice of a General Meeting of shareholders shall be published in the Official Swedish Gazette (Post- och Inrikes Tidningar) as well as on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

## **§ 10**

A shareholder that wishes to participate at the general meeting shall notify the company of its participation no later than the day stated in the notice convening the meeting.

A shareholder attending a general meeting may be accompanied by an assistant, however only where the shareholder has provided notification hereof in accordance with the foregoing paragraph.

## **§ 11**

The Board may collect powers of attorney in accordance with the procedure described in Chapter 7, section 4, second paragraph of the Companies Act.

The Board has the right before a General Meeting to decide that shareholders shall be able to exercise their right to vote by post before the General Meeting.

## **§ 12**

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

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