



EXTRAORDINARY GENERAL MEETING ON THURSDAY 7 FEBRUARY  
2019

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**The Board of Directors' of Modern Times Group MTG AB (publ) proposal for resolution on the distribution of all shares in Nordic Entertainment Group AB to MTG's shareholders (item 7)**

On 23 March 2018, the Board of Directors of Modern Times Group MTG AB ("MTG") publicly announced its intention to distribute the wholly-owned subsidiary Nordic Entertainment Group AB, reg.no. 559124-6847 ("NENT Group"), to MTG's shareholders and apply for the listing of the NENT Group shares on Nasdaq Stockholm.

The Board of Directors therefore proposes that the Extraordinary General Meeting resolves that all shares in the wholly-owned subsidiary NENT Group be distributed, whereby one (1) MTG class A share entitles to one (1) NENT Group class B share and one (1) MTG class B share entitles to one (1) NENT Group class B share. The MTG class C shares do not entitle to dividend.

The value of the distribution of the NENT Group shares is determined based on the book value at the time of the distribution of the shares to MTG's shareholders by application of the relevant accounting rules. Based on the book value at the time of this proposal, the proposed dividend corresponds to a total value of SEK 2,000,500,000, which is also expected to be the book value at the time of the distribution of the NENT Group shares.

The Board of Directors proposes that the Extraordinary General Meeting authorises the Board of Directors to determine the record date for the right to receive NENT Group shares. The Board of Directors intends to execute the distribution of the NENT Group shares in March 2019. The record date is expected to take place in close relation to the listing of the NENT Group shares, which is expected to take place in March 2019. The distribution of the NENT Group shares is expected to take place through a so-called Lex ASEA distribution, which means that it will not be subject to any immediate taxation for Swedish tax subjects.

Attached to the proposal:

- (i) statement by MTG's Board of Directors in accordance with Chapter 18, Section 4 of the Swedish Companies Act; and
- (ii) documents in accordance with Chapter 18, Section 6 of the Swedish Companies Act.

The CEO, or any individual authorised by the CEO, is authorised to make such minor adjustments to the resolution that may be required for registration with the Swedish Companies Registration Office.

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Stockholm 14 January 2019  
MODERN TIMES GROUP MTG AB (publ)  
THE BOARD OF DIRECTORS

**The Board of Directors' of Modern Times Group MTG AB (publ) statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act**

The Board of Directors proposes that the Extraordinary General Meeting resolves to distribute all shares in the wholly-owned subsidiary Nordic Entertainment Group AB, reg.no. 559124-6847 (“**NENT Group**”).

The value of the distribution of the NENT Group shares is determined based on the book value at the time of the distribution of the shares to the Company's shareholders by application of the relevant accounting rules. Based on the book value at the time of this proposal, the Board of Director's proposed dividend corresponds to a total value of SEK 2,000,500,000, which is also expected to be the book value at the time of the distribution of the NENT Group shares.

As of 31 December 2017, MTG's non-restricted equity amounted to SEK 5,360,720,116. On 22 May 2018, the annual general meeting resolved on a dividend of SEK 12.50 per share, in total SEK 834 million, which reduced the non-restricted equity by the same amount. Accordingly, in accordance with Chapter 17, Section 3, Paragraph 1 of the Swedish Companies Act, the amount available for distribution is SEK 4,526,654,504.

If assets and liabilities would not have been valued to the fair value in accordance with Chapter 4, Section 14a of the Swedish Annual Accounts Act, the equity would have been SEK 1,244,592 higher, taking into account the tax effect, according to the most recently adopted balance sheet (and SEK 3,412,126 lower based on the balance sheet as per 30 September 2018).

The income statement and balance sheet for the financial year 2017 were adopted by the Annual General Meeting on 22 May 2018. No decisions have been made regarding value transfers, nor have any changes occurred to MTG's restricted equity, after MTG's annual general meeting on 22 May 2018. After the Extraordinary General Meeting's resolution on distribution of the NENT Group shares in accordance with the Board of Director's proposal, the remaining amount that is available in accordance with Chapter 17, Section 3, Paragraph 1 of the Swedish Companies Act, is expected to be approximately SEK 2,526,154,504.

The Board of Directors concludes that, after the proposed dividend, there will be full coverage for the company's and the group's restricted equity in accordance with Chapter 17, Section 3, Paragraph 1 of the Swedish Companies Act. The dividend appears to be justified taking into consideration the demands with respect to size of shareholders' equity which are imposed by the nature, scope and risks associated with the operations. In making this assessment, the Board of Directors has considered, among other things, the effect of the division of the group into two companies, where assets and liabilities are divided, the company's and the group's

historical development, the group's future operations, its forecasted growth and the macro economic situation.

The Board of Directors has evaluated the company's and the group's financial position and the company's and the group's possibilities of fulfilling their obligations in the short and in the long term. With regard to the business in which the group is active, the company's and the group's solvency is considered to be good also after the execution of the proposal. The execution of the proposal will not affect the company's or the group's ability to fulfil their payment obligations. The company and the group have access to short and long-term credit facilities. The credits may be utilized at short notice, for which reason the Board of Directors assesses that the company and the group have good preparedness to handle both changes in the liquidity and unexpected events. The Board of Directors consider the company and the group to meet the requirements to take future business risks and to bear possible losses. An execution of the proposal will not negatively affect the company's and the group's ability to make further justified investments in accordance with the Board of Directors' plans. In addition to the above, the Board of Directors has considered other known circumstances which may be of importance for the company's and the group's financial position. In doing so, no circumstance has appeared to the company that does not justify the proposal.

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Stockholm 14 January 2019  
MODERN TIMES GROUP MTG AB (publ)  
THE BOARD OF DIRECTORS

**Statement by the Board of Directors of Modern Times Group MTG AB  
pursuant to Chapter 18, Section 6(3) of the Swedish Companies Act**

In view of the Board of Directors' proposal to distribute all shares in the wholly-owned subsidiary Nordic Entertainment Group AB, the Board of Directors hereby makes the following statement pursuant to Chapter 18, Section 6(3) of the Swedish Companies Act.

Since 31 December 2017, the following value transfers and changes in the company's restricted equity have occurred. On 22 May 2018, the annual general meeting resolved on a dividend of SEK 12.50 per share, in total SEK 834 million, which reduced the non-restricted equity by the same amount. No decisions have been made regarding value transfers, nor have any changes occurred to MTG's restricted equity, after MTG's annual general meeting on 22 May 2018.

No events of material significance for the company's financial position have occurred subsequent to the presentation of the annual report for the financial year 2017, apart from events that are evident from the press releases that have been made public by the company and that are available on the company's website and the enclosed interim reports for the period January–September 2018, Appendix A.

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Stockholm 14 January 2019  
MODERN TIMES GROUP MTG AB (publ)  
THE BOARD OF DIRECTORS

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David Chance

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Donata Hopfen

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John Lagerling

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Natalie Tydeman

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Simon Duffy

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Gerhard Florin



## **Auditor's opinion in accordance with Chapter 18, Paragraph 6 of the Swedish Companies Act (2005:551) regarding the Board of Directors' statement and dividend proposal**

To the general meeting in Modern Times Group MTG AB, corporate identity number 556309-9158

We have examined the Board of Directors' statement and proposal dated 14 January, 2019.

### **Responsibilities of the Board of Directors for the statement and proposal**

The Board of Directors is responsible for the preparation of the statement and the proposal in accordance with the Swedish Companies Act and for such internal control as the Board of Directors determines is necessary to enable the preparation of the proposal free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the dividend based on our examination. We have performed the examination in compliance with FAR's auditing standard RevR 9 *The Auditor's Other Statements Pursuant to the Swedish Companies Act and the Companies Ordinance*. This standard requires that we plan and perform the examination to obtain reasonable assurance about whether the proposal is free from material misstatement. We apply the International Standard on Quality Control, ISQC 1, and accordingly maintain 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 in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The examination involves performing procedures to obtain evidence about financial and other information in the Board of Directors' statement and proposal. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement and the proposal, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the statement and the proposal 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. The examination also includes evaluating the appropriateness and the reasonableness of the assumptions made by the Board of Directors. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Opinion**

In our opinion, the statement gives a true and fair view and we recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the Board of Director's proposal.

### **Other matter**

This opinion is only to fulfill the requirements stated in Chapter 18, Paragraph 6 of the Swedish Companies Act and may not be used for any other purpose.

Stockholm, 14 January 2019

KPMG AB

Joakim Thilstedt  
Authorized Public Accountant

**The Board of Directors' of Modern Times Group MTG AB (publ) proposal regarding the authorisation of the Board of Directors to resolve on issue of new class B shares (item 8)**

The Board of Directors proposes that the Extraordinary General Meeting of MTG shareholders authorises the Board of Directors to, on one or more occasions up until the 2019 Annual General Meeting, resolve upon the issue of class B shares representing no more than 20.0 per cent in aggregate of the total number of MTG class B shares at the time of the Extraordinary General Meeting.

Any new issue of shares may be effected through a new issue with preferential rights to all shareholders and / or as a directed issue to one or more strategic investors with the right to deviate from the shareholders' preferential rights against payment in cash, in kind or through set-off.

The purpose of the authorisation, and the reason for the potential deviation from the shareholders' preferential rights, is to enable the company to raise capital on an accelerated basis, in order to pursue potential acquisition opportunities as they arise and in line with its strategy. In addition, it may allow MTG to raise capital from potential strategic investors, which could also bring operational advantages and synergies including accelerated access to new markets.

To the extent that new issues of shares may be made with deviation from shareholders' preferential rights, such issues shall be made on market terms and conditions.

Class B shares will not be issued under this authorisation prior to the distribution and listing of the shares in NENT Group and will hence not carry the right to receive any NENT Group shares.

The CEO, or any individual authorised by the CEO, shall be authorised to make such minor adjustments to the resolution that may be required for registration with the Swedish Companies Registration Office.

In order for the resolution to be valid, it must be supported by shareholders holding no less than two-thirds of both the votes cast and of the shares represented at the Extraordinary General Meeting.

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Stockholm in January 2019  
MODERN TIMES GROUP MTG AB (publ)  
THE BOARD OF DIRECTORS