

Unofficial translation of the Minutes kept at the Annual General Meeting of shareholders of Modern Times Group MTG AB (publ), company reg. no. 556309-9158, 9 May 2017 at Hotel Rival in Stockholm.

Time: 10.00-11.55 CET

**Present:** Shareholders and proxy holders, Appendix 1, stating the number of shares and votes. Furthermore, noted as present were the Chairman of the Board David Chance, the Board members Joakim Andersson, Simon Duffy, Donata Hopfen and John Lagerling, as well as the proposed new Board member Natalie Tydeman, the Chief Executive Officer Jørgen Madsen Lindemann, the Chief Financial Officer Maria Redin, the auditor-in-charge Joakim Thilstedt and the Nomination Committee member Yvonne Sörberg.

### § 1

#### Opening of the Annual General Meeting (agenda item 1)

David Chance opened the Annual General Meeting and welcomed the shareholders.

### § 2

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

The Meeting elected the lawyer Wilhelm Lüning as Chairman of the Meeting, in accordance with the Nomination Committee's proposal.

The Chairman informed the Meeting that Henrik Wållgren had been appointed to act as minute keeper at the Meeting, that the Meeting was simultaneously interpreted, that a sound recording for internal use was made in order to facilitate the preparation of the minutes and that other audio or video recording was not permitted.

The Chairman informed the Meeting on the voting procedures with electronic voting devices and that he intended to use the electronic voting devices on resolutions for which it would facilitate the voting procedure.

The Meeting resolved that invited guests, shareholders who had not registered their shares for voting, representatives of media and other persons who were not shareholders were entitled to attend the Meeting, but without the rights to address the Meeting or participate in the Meeting's resolution.

### § 3

#### Preparation and approval of the voting list (agenda item 3)

The Meeting approved the procedure for preparing the voting list and that the list of shareholders who had given notice to attend and were present at the Meeting, Appendix 1, should be the voting list at the Meeting.

The Chairman informed that a number of shareholders had given special instructions for voting, that these instructions had been recorded in the electronic voting system, that the voting instructions were available for review at the Meeting, if any shareholder so wished, and that the voting instructions only should be recorded in the minutes in the event they would have an effect on the Meeting's resolutions and when the Meeting had voted with the voting devices.

#### **§ 4**

##### Approval of the agenda (agenda item 4)

The Meeting approved the proposed agenda of the Meeting, Appendix 2, which had been included in the notice to attend the Meeting.

The Chairman informed that the complete proposals of the Board and the Nomination Committee had been included in the notice.

The Annual Report, the Group Annual Report, the Auditor's Report and the Group Auditor's Report for the financial year 2016 as well as statements and reports of the Board and the Nomination Committee, and also the other documents to the Annual General Meeting, which had been held available in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, were presented.

#### **§ 5**

##### Election of one or two persons to check and verify the minutes (agenda item 5)

The Meeting elected Yvonne Sörberg, representing Handelsbanken funds, and Jan Särllvik, representing Nordea funds, to check and verify the minutes jointly with the Chairman of the Meeting.

#### **§ 6**

##### Determination of whether the Annual General Meeting had been duly convened (agenda item 6)

The Chairman found that notice had been made in accordance with the provisions in the Swedish Companies Act and the Articles of Association.

The Meeting resolved to approve the notice procedure and declared the Meeting duly convened.

#### **§ 7**

##### Remarks by the Chairman of the Board (agenda item 7)

David Chance gave his remarks on MTG's development and change and the work of the Board and also commented on the Board's proposals to the Meeting.

David Chance thanked the resigning Board member Bart Swanson for his contributions to MTG. David Chance also thanked the shareholders for their support of the Board's and the senior management's change of MTG.

#### **§ 8**

##### Presentation by the Chief Executive Officer (agenda item 8)

Jørgen Madsen Lindemann presented the company's business and the content on MTG's channels and platforms as well as MTG's strategy and culture.

Jørgen Madsen Lindemann thanked the employees of MTG for their contributions during the year.

## § 9

### Presentation of the Annual Report and Auditor's Report and of the Group Annual Report and the Group Auditor's Report (agenda item 9)

The Chairman found that the Annual Report of the company and the Group and the Auditor's Report for the parent company and the Group for 2016 had been presented.

Auditor-in-charge Joakim Thilstedt, from the audit company KPMG, reported on the audit work and thereafter commented on the Auditor's Report in respect of the parent company and the Group for 2016.

After the Chairman had opened for questions, the shareholders asked, among other things, questions about the connection between sustainability and variable remuneration, the Directors' shareholdings, the relations with Com Hem, sales of advertising and the competition regarding revenue from advertising, especially in the e-sports sector, plans for the operations in Bulgaria, growth through acquisitions, the potential effect of Brexit, partnerships, the platform Viafree, return on previous acquisitions, the number of downloads through Viafree, the contents on Splay and the competition from global media companies and platforms regarding live sports rights. The questions were answered by David Chance, Jørgen Madsen Lindemann and Maria Redin.

## § 10

### Resolution on the adoption of the income statement and the balance sheet and of the group income statement and the group balance sheet (agenda item 10)

The Meeting adopted the income statement for 2016 and balance sheet per 31 December 2016 for the parent company and the Group.

## § 11

### Resolution on the proposed treatment of the company's unappropriated earnings as stated in the adopted Balance Sheet (agenda item 11)

The Chairman presented the principal contents of the Board's proposal regarding distribution of profits pursuant to the Annual Report and noted that the Board of Directors had given a reasoned statement with respect to the distribution and that the company's auditor had approved the proposal.

The Meeting resolved, in accordance with the Board's proposal, that the unappropriated earnings at the Meeting's disposal should be distributed as follows: a dividend of SEK 12.00 per share and that the remaining unappropriated earnings should be carried forward.

The Meeting further determined, in accordance with the Board's proposal, that the record date for entitlement to payment of dividend should be 11 May 2017.

The Chairman informed that the payment of dividend was expected to be paid out to the shareholders around 16 May 2017.

## § 12

### Resolution on the discharge from liability for the Directors of the Board and the Chief Executive Officer (agenda item 12)

The Meeting discharged the Board and the Chief Executive Officer from liability for the management of the company and its affairs during the financial year 2016.

It was noted that the members of the Board and the Chief Executive Officer did not take part in the resolution and that all shareholders attending the Meeting supported the resolution, except for those shareholders that had given special instructions for no or abstain votes.

### **§ 13**

#### Determination of the number of Board members (agenda item 13)

Yvonne Sörberg presented how the Nomination Committee conducted its work as well as the Nomination Committee's proposals.

The proposed Board member Natalie Tydeman presented herself to the Meeting.

The Meeting resolved that, for the period until the close of the next Annual General Meeting, the Board will consist of six members.

### **§ 14**

#### Determination of the remuneration to the Board members and the auditor (agenda item 14)

The Chairman presented the Nomination Committee's proposals regarding remuneration to the Board and the auditor, which was that the Board remuneration shall be allocated as follows:

- SEK 1,450,000 to the Chairman of the Board and SEK 500,000 to each of the other members of the Board,
- SEK 235,000 to the Chairman of the Audit Committee and SEK 130,000 to each of the other three members, and
- SEK 105,000 to the Chairman of the Remuneration Committee and SEK 52,500 to each of the other two members.

Remuneration to the auditor was proposed to be paid in accordance with approved invoices.

### **§ 15**

#### Election of Board members (agenda items 15(a)-(f))

The Chairman informed the Meeting of the assignments the proposed members of the Board held in other companies.

The Meeting voted, by electronic voting devices, on election of each one of the proposed members of the Board under items 15(a)-(f), and resolved in accordance with the proposal of the Nomination Committee to re-elect Joakim Andersson, David Chance, Simon Duffy, Donata Hopfen and John Lagerling, and elected Natalie Tydeman as new member of the Board.

The result of the counting of votes is presented in Appendix 3.

### **§ 16**

#### Election of the Chairman of the Board (agenda item 16)

The Meeting resolved in accordance with the Nomination Committee's proposal to re-elect David Chance as Chairman of the Board.

## § 17

### Approval of the procedure of the Nomination Committee (agenda item 17)

The Chairman presented the main terms of the Nomination Committee's proposal regarding the procedure of the Nomination Committee.

The Meeting resolved in accordance with the Nomination Committee's proposal in Appendix 4 regarding the procedure of the Nomination Committee.

## § 18

### Resolution regarding guidelines for remuneration to the senior executives (agenda item 18)

Joakim Andersson, member of the Remuneration Committee, presented the Board's proposal to resolve on (i) guidelines for remuneration to senior executives, and (ii) incentive plan, as well as informed the Meeting of the social security costs in the event of the maximum outcome of the plan.

The shareholders asked questions regarding the participation and outcome of previous years' long-term incentive plans and if the participants salaries had been adjusted considering that the 2017 plan is more extensive than the plans from previous years. The questions were answered by Joakim Andersson and Maria Redin.

The Chairman noted that the auditor had made a statement regarding the company's application of the guidelines resolved on by the previous Annual General Meetings.

The Meeting resolved in accordance with the Board's proposal in Appendix 5 regarding guidelines for remuneration to senior executives.

Victor Björklund, representing Sveriges Aktiesparares Riksförbund, made a reservation against the resolution.

## § 19

### Resolution regarding incentive programme (agenda items 19(a) and (b))

The Meeting voted, by electronic voting devices, jointly on the proposals in agenda items 19(a) and (b) and resolved with more than nine-tenths of both the votes cast and the shares represented at the Meeting, in accordance with the proposal in Appendix 6, to (a) adopt a long-term incentive plan 2017, and (b) transfer of own Class B-shares to the participants in the plan.

Victor Björklund, representing Sveriges Aktiesparares Riksförbund, made a reservation against the resolution.

The result of the counting of votes is presented in Appendix 3.

## § 20

### Resolution to authorise the Board of Directors to resolve on repurchase of own shares (agenda item 20)

The Chairman presented the main terms of the Board's proposal to authorise the Board to resolve on repurchase of own shares and further noted that the Board had given a reasoned statement regarding the repurchase proposal.

The Meeting voted, by electronic voting devices, and resolved with more than two-thirds of the votes cast and the shares represented at the Meeting, in accordance with the Board's proposal in Appendix 7 to authorise the Board to resolve on repurchase of own shares.

The result of the counting of votes is presented in Appendix 3.

**§ 21**

Closing of the Annual General Meeting (agenda item 20)

The Chairman declared the Annual General Meeting closed.

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At the minutes:

Henrik Wållgren

Minute checkers:

Wilhelm Lüning

Jan Särllvik

Yvonne Sörberg

**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 earnings 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) Joakim Andersson (re-election, proposed by the Nomination Committee).
  - (b) David Chance (re-election, proposed by the Nomination Committee).
  - (c) Simon Duffy (re-election, proposed by the Nomination Committee).
  - (d) Donata Hopfen (re-election, proposed by the Nomination Committee).
  - (e) John Lagerling (re-election, proposed by the Nomination Committee).
  - (f) Natalie Tydeman (new election, proposed by the Nomination Committee).
16. Election of the Chairman of the Board.
17. Approval of the procedure of the Nomination Committee.
18. Resolution regarding guidelines for remuneration to the senior executives.
19. Resolution regarding a long-term incentive plan 2017, including resolutions regarding (a) adoption of a long-term incentive plan 2017 and (b) transfer of own Class B shares to the participants.
20. Resolution to authorise the Board to resolve on repurchase of own shares.
21. Closing of the Annual General Meeting.

**Results from vote counting*****Election of Board members (agenda items 15(a)-(f))***

Board member	Number of votes in favour
Joakim Andersson	79,606,555
David Chance	79,672,312
Simon Duffy	79,779,249
Donata Hopfen	79,781,762
John Lagerling	79,781,587
Natalie Tydeman	79,824,411

***Resolution regarding a long-term incentive plan 2017 (agenda items 19(a)-(b))***

99.9 per cent of the votes cast and 99.4 per cent of the shares represented voted in favour of the Board's proposal.

***Resolution to authorise the Board to resolve on repurchase of own shares (agenda item 20)***

99.9 per cent of the votes cast and 99.5 per cent of the shares represented voted in favour of the Board's proposal.



**Approval of the procedure of the Nomination Committee (agenda item 17)**

The Nomination Committee proposes that the work of preparing proposals to the 2018 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.

The Nomination Committee will be formed during September 2017 in consultation with the largest shareholders of the company on 31 August 2017. The Nomination Committee will 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 Committee, and will act as its convenor. The members of the 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 Nomination Committee is formed. If a member resigns during the Committee term, the Nomination 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 on the Nomination Committee, the Committee may choose to ask the next largest qualified shareholder to participate. 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 2018 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 recruitment consultants and related travel if deemed necessary.

**Guidelines for remuneration to the senior executives (agenda item 18)**

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

*Remuneration guidelines*

The objective of the guidelines is to ensure that MTG can attract, motivate and retain senior executives, within the context of MTG's international peers, which primarily consists of Nordic and European media and telecom companies as well as global online companies. The aim is to create a remuneration that is market competitive, well balanced and reflects individual performance and responsibility, both short-term and long-term, as well as MTG's overall performance and align the incentives for the Group Management with the interests of the shareholders. The intention is that the Group Management shall have a significant long term shareholding in MTG and that remuneration to the Group Management shall be based on the pay for performance principle.

Remuneration to the Group Management shall consist of fixed salary, short-term variable remuneration paid in cash ("STI") the possibility to participate in long-term share or share price related incentive programs ("LTI") as well as pension and other customary benefits.

*Fixed salary*

The fixed salary for the members of the Group Management shall be competitive and based on the individual responsibilities and performance.

*Variable remuneration*

The STI shall be based on fulfillment of established targets for the MTG Group and in the area of responsibility for each member of the Group Management. The result shall be linked to 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 percent of each Group Management member's fixed salary. Payment of part of the STI is conditional upon it being invested in MTG shares and on those shares being held for an agreed period of time.

The LTI shall be linked to certain pre-determined financial and/or share or share-price related performance criteria and shall ensure a long-term commitment to the development of the MTG Group and align the Group Management's incentives with the interests of the shareholders.

*Pension and other benefits*

The Group Management shall be entitled to pension commitments that are customary, competitive and in line with market conditions in the country in which the member of the Group Management is employed. Pension commitments will be secured through premiums paid to insurance companies.

MTG provides other benefits to the members of the Group Management in accordance with local practice. Other benefits can include, for example, a company car and health care. Occasionally, housing allowance could be granted for a defined period.

*Notice of termination and severance pay*

The maximum notice period in the Group Management members' contract is twelve months during which time salary payment will continue. MTG does not generally allow any additional contractual severance payments to be agreed.

*Compensation to Board Members*

Board members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

### *Deviations 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.

### Long-term incentive plan 2017 (agenda item 19)

The Board proposes that the Annual General Meeting resolves to adopt the long-term incentive plan (the "**Plan**") for senior executives (not referring to members of the Board) and other key employees within the MTG Group as follows.

#### **Adoption of the Plan (item 19(a))**

##### *Objectives of the Plan*

The main objectives for adopting the Plan are to create conditions to recruit, motivate and retain leading industrial talents, and to closely align the employees' interests and rewards with those of the shareholders.

##### *The Plan in brief*

The structure of the Plan is the same as the long-term incentive plan adopted last year, with two key changes:

- the award levels are increased for all participants in order for MTG to be more competitive in the context of MTG's international peers, and to better balance short-term and long term remuneration as well as fixed and variable remuneration; and
- a new performance criterion is introduced, MTGx value creation, to reflect MTG's strategic priorities.

The Plan is proposed to include approximately 85 senior executives and key employees within the MTG Group. The participants will be granted rights to after a three year vesting period receive MTG Class B shares free of charge. Allotment of shares requires that the participant is employed by the MTG Group throughout the vesting period, and applicable to the CEO and the participants in Category 1 (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 four performance criteria; MTG's absolute total shareholder return (TSR), MTG's operating income (EBIT), and the value creation of MTGx, and for 4 participants in Category 1 specific MTGx verticals (measured on the basis of organic sales growth and EBIT margin).

The maximum number of MTG Class B shares which may vest under the Plan is limited to 500,000, representing approximately 0.8 per cent of the outstanding shares and 0.5 per cent of the outstanding votes.

##### *Grant of share awards*

The number of rights to receive MTG Class B shares free of charge (the "**Share Awards**") granted to a participant shall be calculated by dividing the participant's annual base salary, gross before taxes, (the "**Gross Salary**"), and a share price of SEK 292.70 (the average volume weighted price on MTG's Class B share at Nasdaq Stockholm during the last five trading days in March 2017 minus the proposed dividend of SEK 12.00 per share, the "**Share Price**").

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

- the CEO of MTG will be granted Share Awards amounting to 125 per cent of his Gross Salary (2016: 75 per cent);
- approximately 10 senior executives and key employees ("**Category 1**") will be granted Share Awards amounting to 100 per cent of their Gross Salary (2016: 75 per cent); and
- approximately 75 senior executives and key employees ("**Category 2**") will be granted Share Awards amounting to 75 per cent of their Gross Salary (2016: 50 per cent).

### *Main terms of the Share Awards*

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

- Granted free of charge after the Annual General Meeting 2017 and will vest after a three-year period, ending when MTG's interim financial report for the period January – March 2020 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 Award entitles to, in order to align the participants' and shareholders' interests.

### *Criteria for measuring performance*

The number of MTG Class B shares that will vest depends on the level of fulfilment of the relevant performance criterion for the Share Award.

The criteria for measuring performance are the following:

<i>MTG's absolute TSR</i>	MTG's total return on the Class B share (TSR) for the financial years 2017-2019, exceeding 10 percent as entry level and 33 per cent as target level.
<i>MTG's operating income (EBIT)</i>	MTG's operating income (EBIT), adjusted for extra ordinary or non-budgeted items or events not related to the ordinary course of business to arrive at a normalised EBIT (e.g. M&A and items affecting comparability).
<i>MTGx's value creation</i>	MTGx's value creation is measured on organic sales growth (i.e. growth adjusted for additions and deductions in amounts corresponding to the sales revenues relating from acquired or divested businesses/verticals) and EBIT margin, . EBIT will be adjusted for extra ordinary or non-budgeted items or events not related to the ordinary course of business to arrive at a normalised EBIT (e.g. M&A and items affecting comparability).
<i>MTGx vertical's value creation</i>	Value creation measured on a specific vertical within MTGx (eSport, Gaming and Digital Video (MPN)) is measured on organic sales growth and and EBIT margin (adjusted in accordance to what is set out regarding MTGx's value creation) in that specific MTGx vertical.

The criteria for MTG's EBIT, MTGx's value creation and MTGx vertical's value creation, will be measured during three (3) stand-alone one-year performance periods, the financial years 2017, 2018 and 2019. The target levels (entry, target and stretch) will be set by the Board for each of the financial years. However, with respect to the MTGx's value creation and MTGx vertical's value creation, the entry level set by the Board must exceed 15 per cent organic sales growth per year and improved EBIT margin. The relative weight of each of the three one-year performance periods is one-third, respectively. After each one-year performance period, MTG will inform the shareholders if the target levels for each of the performance criteria were met or not in the annual report. Information on the target levels for EBIT, MTGx's value creation and MTGx vertical's value creation will be communicated in connection to vesting.

For the CEO and 2-3 participants in Category 1, one-third of the granted Share Awards will be measured on MTG's TSR, MTG's EBIT and MTGx's value creation, respectively. For 4 participants in Category 1 that have a direct impact on the value creation and are working almost exclusively with a specific vertical within MTGx, one-third of the granted Share Awards will be measured on TSR and two-thirds on the specific MTGx vertical's value creation. For all other participants 40 per cent of the granted Share Awards

will be measured on MTG's TSR, 40 per cent on MTG's EBIT and 20 per cent on MTGx value creation.

#### *Vesting of the Share Awards; target holding*

Each of the four performance criteria is measured separately.

If the entry level for the Share Awards is reached, 20 per cent of the participant's Share Awards measured on that performance criterion will vest. For Share Awards measured on MTG's EBIT, MTGx's value creation and MTGx vertical's value creation, 70 per cent of the participant's Share Awards will vest if the target level is reached. In order for each Share Award to entitle the participant to one (1) MTG Class B share, the target level for Share Awards measured on MTG's TSR and the stretch levels for Share Awards measured on MTG's EBIT, MTGx's value creation and MTGx vertical's value creation, must have been fulfilled. Where the level of fulfilment of a performance criterion is between the minimum and target or maximum level, vesting will occur on a linear basis in stages. If the entry level for Share Awards is not reached, all Share Awards measured on that performance criterion will lapse.

On the condition that the participant is (with certain exceptions) employed by the MTG Group, throughout the Vesting Period, the Share Awards will vest as MTG Class B shares, free-of-charge. For the CEO and the participants in Category 1, 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 participants in Category 1 (the "**Target Holding**").

#### *Scope*

The maximum numbers of MTG Class B shares which may be delivered to the participants on vesting of the Share Awards are limited to 500,000, representing approximately 0.8 per cent of the outstanding shares and 0.5 per cent of the outstanding votes. The number of MTG Class B shares that according to the 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 Plan and effect on certain key ratios*

The Plan will be accounted for in accordance with IFRS 2 which stipulates that the Share Awards should be recorded as a personnel expense over the Vesting Period. Based on the Share Price; the CEO and the participants in Category 1 having achieved the Target Holding; the annual employee turnover is 10 per cent; and that 50 per cent of the granted Share Awards will vest, the total cost, exclusive of social security costs, for the Plan is estimated to be approximately SEK 50 million.

Social security costs will also be recorded as a personnel expense in the income statement by current reservations. The social security costs are estimated to be approximately SEK 15 million with the assumptions above, an average social security tax rate of 22 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 Plan had been introduced in 2016 with the assumptions above would result in a decrease of SEK 0.33 on a yearly pro forma basis. The annual cost of the Plan including social charges is estimated to be approximately SEK 22.5 million based on the above assumptions. This cost corresponds to approximately 0.8 per cent of the MTG's total personnel costs, including social charges, of SEK 2,701 million in 2016.

Each Category has a pre-determined maximum vested amount ("**Cap**") of approximately 2.0 – 3.0 times the Gross Salary, depending on the participant's category. If the vested amount exceeds the maximum amount, the number of shares each Share Award entitles the employee to receive at vesting, will be reduced accordingly. Assuming 100 per cent fulfilment of the criteria for measuring performance and that the respective Caps have been reached the maximum cost for the Plan is approximately SEK 100 million in accordance with IFRS 2 and the maximum cost for social charges approximately SEK 30 million.

MTG intends to present the final outcome of the Plan in the 2020 annual report.

#### *Delivery of shares under the Plan*

A maximum 500,000 Class B shares held by the company may be transferred to the participants under the Plan in accordance with item 19(b).

#### *Preparation and administration of the Plan*

MTG's Remuneration Committee has prepared the Plan in consultation with external advisors and major shareholders. The Plan has been dealt with at meetings of the Board during the first months of 2017.

The Board or the Remuneration Committee shall be responsible for preparing the detailed terms and conditions of the Plan, in accordance with the terms and guidelines resolved on by the Annual General Meeting. It is further proposed that the Board shall be entitled to make other adjustments, if it so deems appropriate, should changes occur in the MTG Group or its operating environment that entails that the Plan no longer correctly reflects the performance of the MTG Group. Any such adjustments shall only be made in order to fulfil the main objectives of the Plan.

#### *Information regarding other long-term incentive plans in MTG*

For senior executives and key employees in MTG there are currently three long-term incentive plans. For further information regarding these plans such as terms and conditions, participation ratio, number of issued and outstanding instruments etc. please refer to the Annual Report 2016, note 25 for the Group, and MTG's website at [www.mtg.com](http://www.mtg.com).

#### ***Transfer of own Class B shares to the participants (item 19(b))***

The Board proposes that the Annual General Meeting resolves that a maximum of 500,000 Class B shares held by the company may be transferred free of charge to participants, in accordance with the terms of the Plan.

The number of the 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.

**Authorisation for the Board to resolve on repurchase of own shares (agenda item 20)**

The Board proposes that the Board is authorised to pass a resolution on repurchasing the company's own shares, for cancellation of shares through a reduction of the share capital, but also in order to secure delivery of Class B shares the participants in the company's long-term, share based, incentive plans, in accordance with the following conditions:

- The repurchase of Class A and/or Class B shares shall take place at Nasdaq Stockholm in accordance with Nasdaq Stockholm's rules regarding purchase of own shares.
- The repurchase of Class A and/or B shares may take place on one or more occasions for the period up until the next Annual General Meeting.
- So many Class A and/or Class B shares may, at the most, be repurchased so that the company's holding does not at any time exceed 10 per cent of the total number of shares in the company.
- The repurchase of Class A and/or Class B shares at Nasdaq Stockholm may occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and lowest selling price.
- It is the from time to time lowest-priced, available, shares that shall be repurchased by the company.
- Payment for the shares shall be in cash.

The purpose of the authorisation is to give the Board flexibility to continuously decide on changes to the capital structure during the year and thereby contribute to increased shareholder value as well as it being an alternative method to hedge that the company have shares to deliver to the participants in the share based incentive plans.