



Notice of annual general meeting in Starbreeze AB (publ)

STOCKHOLM, SWEDEN (9 April, 2018) – The shareholders in Starbreeze AB (publ), reg.no. 556551-8932, (the “Company”) are hereby convened to the Annual General Meeting on Wednesday 9 May 2018, at 16.00 at Hotel Rival, Mariatorget 3, Stockholm.

Notice

Shareholders who wish to participate at the Annual General Meeting shall

- be registered – under the shareholders own name in the share register kept by Euroclear Sweden AB on Thursday 3 May 2018, and
- notify the Company no later than Thursday 3 May 2018, preferably before 16.00, to address Starbreeze AB, “Årsstämma”, Box 7731, 103 95 Stockholm or by email: bolagsstamma@starbreeze.com.

Such notification shall include name, personal identification number or corporate registration number, address, telephone number and number of shares. If the shareholder intends to be represented by a representative, appropriate documentation of authorization – e.g. proxies and certificate of registration – must be presented at the Meeting. Such documentation of authorization should also be included in the notification. For those who wish to participate by proxy, the Company provides a form of proxy available on the Company’s website, www.starbreeze.com.

To be entitled to participate in the Meeting, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Shareholders who wish to realise such re-registration must advise their nominees well in advance of Thursday 3 May 2018, at which time such re-registration shall be executed.

Proposed agenda

1. Opening of the Meeting
2. Election of Chairman of the Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Determination as to whether the Meeting has been duly convened
6. Election of one or two persons to verify the minutes
7. Presentation of the annual accounts and the auditor’s report as well as the consolidated accounts and the auditor’s report on the consolidated accounts for the financial year 2017, and in connection therewith, a presentation by the CEO
8. Resolution on
 - a. adoption of the income statement and balance sheet and the consolidated income statement and consolidated balance sheet;

- b. the disposition regarding the Company's profit pursuant to the established balance sheet;
 - c. discharge from liability of the Board members and the CEO
9. Determination of the number of Board members and deputy Board members to be elected by the Meeting.
10. Determination of the remuneration to the Board members and the auditor
11. Election of Board members and Chairman of the Board
12. Election of auditor
13. Resolution on authorising the Board of directors to resolve upon new issue of shares
14. Resolution regarding appointment of nomination committee.
15. Resolution regarding remuneration guidelines for senior executives
16. Resolution to establish an incentive scheme
17. Closing of the Meeting

The Board's proposal regarding disposition of the Company's profit (item 8 b)

The Board proposes that no dividend is paid for the financial year 2017 and that the retained earnings of SEK 1,206,838,892, consisting of an accumulated profit of SEK 82,561,951, fair value reserve of SEK 328,543, share premium reserve of SEK 1,180,697,398 and the loss for the year SEK -56,749,000, is carried forward.

The nomination committee's proposal regarding Chairman of the Meeting, Board, Board remuneration etc. (item 2, 9-12)

The nomination committee proposes Björn Kristiansson to be the Chairman of the Meeting.

The nomination committee proposes that the Board shall consist of seven ordinary Board members. No deputy Board members are proposed. Re-election of Michael Hjorth, Bo Andersson Klint, Ulrika Hagdahl, Harold Kim, Matias Myllyrinne and new election of Kristofer Arwin and Åsa Wirén is proposed for the time until the next annual general meeting. Eva Redhe has declined re-election. Re-election of Michael Hjorth as Chairman of the Board is proposed. Information on the nominees is available on the Company's website, www.starbreeze.com.

Kristofer Arwin, born 1970, is a graduate economist, chairman of the board of directors and co-founder of TestFreaks, for which he was previously also the CEO. He is the founder of Pricerunner, for which he was previously also the CEO. Kristofer Arwin is a board member and a member of the audit committee in Kindred Group plc (previously Unibet Group) and in Addnode Group, as well as a board member in Alertsec AB.

Åsa Wirén, born 1968, is a graduate economist, operating as a senior advisor within Bonnier and was previously the CFO of Skistar. She was previously an authorised auditor and partner at KPMG and has experience from public and private companies with international operations, within, among others, the media/entertainment, e-commerce and consulting/software sectors. Åsa Wirén is a board member and the chairman of the audit committee in Actic Group, as well as a board member in N Å Future AB and Fjällförsäkringar AB.

It is proposed that, for the period until the end of the next annual general meeting, a total remuneration of SEK 1,700,000 (1,500,000) shall be paid to the board, of which SEK 700,000 (700,000) shall be paid to the chairman and SEK 200,000 to each of the board members that are not employed by the Company. For the remuneration committee an unchanged remuneration of SEK 200,000 is proposed, of which SEK 100,000 shall be paid to the chairman and SEK 50,000 to each director. For the audit committee an unchanged remuneration of SEK 400,000 is proposed, of which SEK 200,000 shall be paid to the chairman and SEK 100,000 to each director. The proposal above means a total remuneration to the board (including remuneration for work on the committees) of SEK 2,300,000 (2,400,000).

It is proposed to re-elect PricewaterhouseCoopers AB as auditor. The nomination committee's proposal corresponds to the audit committee's recommendation. PricewaterhouseCoopers AB has informed the

Company that the authorised auditor Nicklas Kullberg will continue as auditor in charge. The auditor's fee is proposed to be paid as per approved invoice.

The Board's proposal for authorization of the Board to resolve on new issue (item 13)

The Board proposes that the Meeting authorizes the Board to, on one or several occasions, until the end of the next annual general meeting, with or without deviation of the shareholders' preferential rights, resolve to issue new shares, both shares of class A and of class B, or convertible bonds or warrants entitling to shares of class A and/or class B corresponding to (at considered exercise of such convertible bonds or warrants, as applicable) no more than ten (10) per cent of the number of outstanding shares at each relevant time, against payment in cash, through set off or payment in kind. The purpose of the authorization and reason for any deviation from the shareholders' preferential rights is that the Company shall be able to issue shares or other instruments in connection with acquisition of companies or businesses as well as to be able to execute issues with deviation from the shareholders' preferential rights for the purpose of raising funds to the Company, for example in connection with financing of game production. The issue price may not be lower than a fair market price. Other terms and conditions shall be made on fair market terms.

A resolution in accordance with the above requires, for its validity, that it is supported by shareholders representing at least 2/3 of the votes cast and the shares represented at the Meeting.

The nomination committee's proposal regarding appointment of the nomination committee (item 14)

The nomination committee proposes that the procedure for appointing the nomination committee prior to the annual general meeting 2019 shall, in principle, be carried out in accordance with the following.

The Company shall have a nomination committee consisting of the Chairman of the Board and, at the most, four additional members, who shall represent, by votes, the largest owners or owner groups. The four, by votes, largest owners will be contacted based on the Company's list, provided by Euroclear, of registered shareholders as of the final bank day in August. Those shareholders who are not registered with Euroclear and who wish to be represented in the nomination committee, shall submit an application to the Chairman of the Board no later than September 1 and provide evidence of ownership. When determining who the four, with regards to votes, largest shareholders are, a group of shareholders shall be considered one owner if (i) considered an owner group by Euroclear, or (ii) has made public and notified the Company in writing that they have agreed, in writing, to through coordinated performance of voting right take a long-term joint standpoint with regards to the Company's management. The Chairman of the Board shall as soon as possible after the end of August convene the four, by votes, largest shareholders of the Company to the nomination committee. If any of the four by votes largest shareholders abstain from their right to elect a member to the nomination committee, the next shareholder in order of magnitude shall be given the opportunity to appoint a member, however, no more than ten shareholders need to be contacted. The chairman of the nomination committee shall, unless the members agree otherwise, be the member representing the largest shareholder. The names of the members and the names of the shareholders who has elected them, as well as how the nomination committee can be contacted shall be made public as soon as the nomination committee has been appointed, which shall take place at least six months before the annual general meeting.

The nomination committee's term extends until a new nomination committee has been appointed. Remuneration shall not be paid to the members of the nomination committee. The Company shall however, reimburse appropriate costs referable to the nomination committee's fulfilment of the assignment. The nomination committee's assignment shall be to, before the annual general meeting and, when applicable, an extra ordinary general meeting, present proposals regarding the number of board members to be elected by the general meeting, remuneration to the board, the board's composition, chairman of the board, chairman of the meeting, election of auditors and auditors' remuneration and how the nomination committee shall be appointed.

The shareholder who has appointed a member of the nomination committee has the right to dismiss such member and appoint a new member to the nomination committee. In case of a material change in the ownership of the Company, the nomination committee's composition shall change in accordance therewith. If the change takes place later than two months before the annual general meeting the nomination committee can instead decide to adjourn a member appointed by the new larger owner. Changes to the nomination committee's composition shall be made public as soon as they are made.

The Board's proposal regarding adoption of guidelines for remuneration to senior executives (item 15)

The Board proposes that the Meeting approves the Board's proposal regarding the adoption of guidelines for compensating the Company's senior executives as set forth below. Company management refers to the CEO and other senior executives in the Company.

The Company shall offer fair market value terms as necessary to enable the Company to recruit and retain competent personnel. Compensation to the Company management shall consist of fixed salary, pension, and other customary benefits. In addition thereto, the Board shall evaluate, on an annual basis, whether share related or share-price related incentive schemes shall be proposed to the annual general meeting.

As a general rule, the fixed salary shall be evaluated once per year and shall take into consideration the individual's qualitative performance. Compensation pertaining to the CEO and other senior executives shall be at a fair-market-value level. The Board shall further be entitled to resolve on a variable compensation in the form of a cash bonus not to exceed, on an annual basis, half of the annual salary of the respective senior executive.

Regarding the CEO and senior executives, pension premiums shall be paid as required under the corresponding, standard ITP-plan.

Upon termination by the CEO, a six (6) month termination notice shall apply and in the event of termination by the Company, a nine (9) month termination notice period shall apply. Other senior executives shall have a termination notice period between three and nine months. There are no agreements for severance pay.

The Board shall have the right to deviate from the aforementioned guidelines if the Board determines, on a case-by-case basis, special circumstances justify such deviation.

Resolution to establish an incentive scheme (item 16)

The Board proposes that the Meeting resolves to establish an incentive scheme for senior executives, key employees and specialists in the Company and its subsidiaries, by issue of warrants, mainly in accordance with what is set out below.

The Board proposes that the Meeting resolves, with deviation from the shareholders' preferential right, to issue no more than three million (3,000,000) warrants in the Company. Each warrant gives a right to subscribe for one (1) new class B share in the Company at a subscription price corresponding to two hundred (200) per cent per share of the average stock exchange rate of the Company's B-share during the previous ten (10) trade days before the Annual General Meeting 2018. Upon full exercise of issued warrants the dilution corresponds to approximately one (1) per cent calculated on the number of outstanding shares in the Company as per today. Right to subscribe for the warrants shall be vested in the Company's wholly owned subsidiary Starbreeze Production AB, reg.no. 556292-1063, with the right and obligation to, in accordance with the instructions from the Company's Board and these terms and conditions, transfer such warrants to current and future senior executives, key employees and specialists in the Company and its subsidiaries. The warrants are issued free of charge to the subsidiary. The warrants give a right to subscribe for class B shares during the period 3 May 2021 until and including 30 June 2021.

The subsidiary shall, according to the Company's resolution of the Board, transfer the warrants to individuals within four (4) different categories of employees in the Company and its subsidiaries. These four (4) categories consist of i) the Company's CEO who may obtain no more than three hundred thousand (300,000), or no more than ten (10) per cent, of the total number of warrants in the incentive scheme; and ii) three (3) categories of senior executives, key employees and specialists in the Company, each such category of employees may obtain no more than forty (40) percent of the total number of warrants in the incentive scheme, and no more than six (6) percent to be allocated to each individual in such category.

The transfer of the warrants to senior executives, key employees and specialists in the Company and its subsidiaries shall be effected at a price equal to the estimated market value of the warrants at the time of transfer, calculated in accordance with a recognized valuation model (Black & Scholes). The valuation and calculation shall be performed by an independent rating agency. All persons who acquires warrants shall enter into an agreement with the subsidiary including standard terms for employees' acquisition of warrants regarding, e.g. the subsidiary's right, but not obligation, to repurchase warrants should the person's employment terminate etc.

The reasons for deviation from the shareholders' preferential rights is that the Board deems it essential for the Company, and that it is in both the Company's and all shareholders' best interest, to offer senior executives, key employees and specialists in the Company and its subsidiaries an opportunity to take part of the Company's future value growth. A long-term and personal commitment for senior executives, key employees and specialists in the Company and its subsidiaries can be expected to increase the motivation in the future work in the Company and its subsidiaries, stimulate greater interest for the business and the profit performance and increase the sense of connection with the Company and its subsidiaries.

A resolution to establish an incentive scheme according to the above is subject to the regulations set out in chapter 16 of the Swedish companies act (2005:551), which requires that, in order for the proposal under this item 16 to be valid, it is supported by shareholders holding at least nine tenths (9/10) of the votes cast as well as the shares represented at the general meeting.

The Board's intention is to annually present a proposal mainly in accordance with the above proposal at future annual general meetings. This to ensure continuity and stability in the Company's incentive scheme structure.

Number of shares and votes

At the time of the issue of the notice there are a total of 303,719,737 shares in the Company, whereof 54,170,260 shares of class A and 249,549,477 shares of class B, and in total 791,252,077 votes.

Right to information

Shareholders present at the Meeting have the right to request information regarding matters on the agenda or the Company's financial situation in accordance with Chapter 7 clause 32 of the Swedish Companies Act (2005:551).

Documents

The annual accounts and the auditor's report together with a proxy form and the Board's and the nomination committee's complete proposals for resolutions will no later than on 18 April 2018 be available on the Company's website, www.starbreeze.com and on the Company's office at Regeringsgatan 38, Stockholm. The documents will further be sent free of charge to shareholders who requests it and who states its address.

*Stockholm in April 2018
Starbreeze AB (publ)
The Board of Directors*

###

For more information, please contact:

Ann Charlotte Svensson, Head of Investor Relations and Corporate Communications

Tel: +46(0)8-202 509, email: ir@starbreeze.com

This information is such that Starbreeze AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 20.15 CET on 9 April 2018.

About Starbreeze

Starbreeze is a global game company whose vision is to be a leading provider in the entertainment industry by creating world-class experiences. Starbreeze was founded in 1998 and has since evolved into a well-established developer and publisher of PC and console games and VR products aimed at the global market. With studios in Stockholm, Paris, Los Angeles, San Francisco, Barcelona, Brussels, Bangalore och Dehradun. Starbreeze develops high-quality entertainment products based on proprietary and third-party rights, both in-house and in partnership with external game developers. Operations are organized in three business areas: Starbreeze Games for own game development, Publishing, and VR Tech for technology development including the StarVR venture. Starbreeze shares are listed on Nasdaq Stockholm under the tickers STAR A and STAR B with the ISIN-codes SE0007158928 (A share) and SE0005992831 (B share). For more information, please visit starbreeze.com