



# **G5 ENTERTAINMENT AB**

*N.B. This English text is an unofficial translation of the Swedish original of the notice to attend the Extraordinary General Meeting in G5 Entertainment, and in case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **Notice to Attend Extraordinary General Meeting of G5 Entertainment AB (publ)**

The shareholders of G5 Entertainment AB (publ), reg. no 556680-8878, (the “**Company**”) are hereby summoned to attend the Extraordinary General Meeting held at 5.00 pm (CET) on Wednesday, 7 November 2018, at 7a Conference center, Strandvägen 7a, Stockholm, Sweden.

### **NOTIFICATION**

Shareholders who wish to attend the Extraordinary General Meeting must:

- be recorded as shareholders in the share register maintained by Euroclear Sweden AB on Wednesday, 31 October 2018;
- no later than Wednesday, 31 October 2018, preferably before 4 pm (CET), have given notice of their participation and potential assistants to G5 Entertainment AB, Birger Jarlsgatan 18 3 tr, 114 34 Stockholm or by e-mail [agm@g5e.se](mailto:agm@g5e.se) stating full name, personal identification number or registration number, address, day-time phone number and when applicable information regarding any representative, proxy and/or at most two assistants.

Shareholders whose shares are nominee-registered must, in order to have the right to attend the Extraordinary General Meeting, request to be temporarily registered in the share register kept by Euroclear Sweden AB. The shareholder must instruct their nominee thereof in ample time prior to Wednesday, 31 October 2018, by which date such registration must be executed.

Shareholders represented by proxy shall issue a written and dated power of attorney signed by the shareholder. A power of attorney issued by a legal entity shall have a registration certificate attached, or if such certificate do not exist, equivalent documents. A power of attorney form for shareholders who wish to participate by proxy are available on the Company's website (<http://g5e.se/corporate>). The power of attorney and the registration certificate may not be issued earlier than one year before the date of the general meeting, with the exception of the

power of attorney specifies a longer period, up to a maximum of five years. The original power of attorney and any registration certificate must be available at the general meeting and copies should, in advance of the general meeting be sent to the Company at the address above.

## **PROPOSED AGENDA**

1. Opening of the general meeting
2. Preparation and approval of the voting register
3. Election of chairman of the general meeting
4. Presentation and approval of the agenda
5. Election of one or two persons to verify the minutes together with the chairman
6. Determination of whether the meeting has been duly convened
7. Resolution to implement a performance based, long-term share program for the executive management and key employees
8. Resolution to implement a performance based, long-term share program for the Company's CEO
9. Resolution to amend the articles of association
10. Resolution to authorize the Board to resolve on issuance of class C shares
11. Resolution to authorize the Board to resolve to acquire own class C shares
12. Resolution to transfer of own ordinary shares
13. Closure of the meeting

## **PROPOSED RESOLUTIONS**

### ***Item 3 – Election of chairman of the general meeting***

The Board proposes that Petter Nylander is appointed Chairman of the Extraordinary General Meeting.

### ***Item 7 – Implementation a performance based, long-term share program for the executive management and key employees***

#### **Background and rationale**

In connection with the Annual General Meeting 2018, the board expressed its intention to implement a new share based incentive program for the Company's executive management and other key employees. At the time of the Annual General Meeting 2018, the preparatory documents were not sufficient to reach the sufficient majority of votes. The Board has now

calculated the costs and considered possible motives for an incentive program of the mentioned kind. Following the Board's calculations and consideration, the Board has decided to propose a performance based, long-term share program ("**LTIP 2018**"). All resolutions are proposed to be conditional upon one another and are therefore proposed to be adopted in connection with each other.

The Board is convinced that the proposed program will be beneficial to the Company's shareholders as it will contribute to the possibilities to recruit and retain competent employees, is expected to increase the commitment and the motivation of the program participants and will strengthen the participants' ties to the Group and its shareholders.

As stated in the principal terms and conditions below, LTIP 2018 is proposed to have a vesting period of approximately 2.5 years. This constitutes deviation from the Swedish Corporate Governance Code (the "**Code**"), pursuant to which the vesting period of share based incentive programs for members of the executive management is not to be less than three years. The reason for the deviation from the Code is to enable the coming annual general meetings to adopt renewed performance based, long-term share programs with a vesting period of three years.

The Board proposes that the Company's CEO, who is also a director of the Company, shall be given the opportunity to participate in LTIP 2018. The proposal regarding the CEO's participation in LTIP 2018 is presented in a separate item 8 below.

### **Principal terms and conditions**

- a) LTIP 2018 is proposed to include approximately 100 members of the executive management and other key employees of Company and its subsidiaries. Participants are offered to be allotted, free of charge, ordinary shares in the Company ("**Performance Shares**"), provided that the participant remains employed by the Company or any of its subsidiaries until the date of publication of the Company's interim report January – March 2021, estimated to be released on 5 May 2021.
- b) The allotment of Performance Shares relates to the development in the total shareholders return of the Company's ordinary share ("**TSR**") calculated from the volume weighted average price of the Company's share<sup>1</sup> for the period from November 8, 2018 up to and including November 14, 2018 compared to the volume weighted average price of the Company's share for a corresponding measurement period following publication of the interim report January – March 2021, estimated to be released on May 5, 2021 (the "**Performance Period**"). TSR is the development of the share price, plus dividend payments, expressed in percentage for a specific period.
- c) In order for allotment of Performance Shares to take place, the TSR must exceed a minimum level of 95 per cent for the entire Performance Period equal to 31 per cent per year during the Performance Period (the "**Threshold Level**"). Maximum allotment is awarded if the TSR reach or exceed a level of 205 per cent for the entire Performance Period equal to 56 per cent per year during the Performance Period (the "**Target Level**").

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<sup>1</sup> The share price is determined from the listed settled prices according to Nasdaq Stockholm's stock exchange list for shares in G5 Entertainment AB (publ), however, not less than the share's quotient value being 0.1 SEK. Days at which no paid price is quoted shall be excluded from the calculation of the volume weighted average price.

- d) Not more than 120,000 Performance Shares may be allotted under the program. Provided that the TSR increase reaches the Target Level, the participants may be allotted the following maximum number of Performance Shares per person within six groups;
- Group 1: the COO – 10,000 Performance Shares
  - Group 2: approx. 2 key employees – 4,200 Performance Shares
  - Group 3: approx. 7 key employees – 3,300 Performance Shares
  - Group 4: approx. 14 key employees – 1,700 Performance Shares
  - Group 5: approx. 37 key employees – 500 Performance Shares
  - Group 6: approx. 28 key employees – 250 Performance Shares
- e) Invitation to participate in LTIP 2018 shall be provided by the Company no later than 30 November 2018. Application for participation shall be submitted to the Company no later than 14 December 2018. Additional member of the executive management and/or key employees, who have not started their employment prior to the last date of application for participation, may be invited to participate in LTIP 2018 provided that their employment is started on or before 31 December 2018 and that the Board considers it consistent with the rationale of LTIP 2018.
- f) The number of Performance Shares included in LTIP 2018 is subject to customary recalculation by the Board due to changes in the capital structure, such as bonus issue, consolidation or split of shares, new issue or reduction of the share capital or similar measures.
- g) Before the number of Performance Shares to be allotted is finally determined, the Board shall examine whether the allotment is reasonable considering the Company's financial results and position, the conditions on the stock market as well as other circumstances, and if not, as determined by the Board, reduce the number of shares to be awarded to the lower number of shares deemed appropriate by the Board.
- h) The Board, or a committee established by the Board for this purpose, will be responsible for the detailed drafting and management of LTIP 2018, within the scope of the principal terms and conditions as specified. The Board shall thereupon be entitled to make adjustments to meet specific rules or market conditions abroad. The Board shall also be entitled to make other adjustments provided that there are substantial changes in the Group or its surroundings which would signify that conditions for allocation in accordance with LTIP 2018 are no longer appropriate.
- i) Participation in LTIP 2018 presupposes that such participation is legally and suitably possible and that the administrative costs and financial efforts are reasonable in the opinion of the Board.
- j) The Board is entitled to introduce an alternative incentive solution for employees in countries where participation in LTIP 2018 is not appropriate. Such alternative incentive solution shall, as far as practicable, be formulated employing the same conditions as LTIP 2018.

## **Costs of LTIP 2018**

The total costs of LTIP 2018 if the maximum number of Performance Shares is allotted are estimated to SEK 22,042,732 upon reaching full allocation, which corresponds to approximately 25 per cent of total employment costs for 2017. The costs will be allocated over the years 2018–2021. The costs have been calculated as the sum of salary costs, including social costs, and administration costs for the program. Administration costs are estimated to be less than SEK 1,000,000. If no allotment of shares is made, only expenses for administration will arise.

The salary costs have been calculated based on the value, at the start of the program, of the Performance Shares that may be allotted if the Target Level is reached, with a reduction of the present value of estimated dividend payments during a three-year period. The estimate on maximum costs assumes that Target Level is reached and that the number of participants that will end their employment with the Group during the Performance Period is the same as the historical average. In the calculation, a share price of SEK 336 per share has been applied.

The number of outstanding shares is estimated to increase with not more than 120,000 shares. Such maximum increase would have a dilutive effect of approximately 1.3 per cent.

## **Effect on certain key ratios**

The costs and dilution are expected to have marginal effect on key ratios of the Company.

The annual cost of LTIP 2018 including social charges is estimated to be approximately SEK 1.7 million based on the above assumptions. This cost can be related to the Company's total employment costs, including social charges, of SEK 88,956,000 in 2017.

## **Delivery of shares within the framework of LTIP 2018**

In order to implement LTIP 2018 in a cost-efficient and foreseeable way, the Board has considered various alternatives for delivery of ordinary shares to the participants in the program. In this respect, the Board has found the most cost-efficient method to include the following steps:

- 1) A new class of shares (class C shares), with the sole purpose of facilitating the delivery of ordinary shares under LTIP 2018, is introduced in the Company's articles of association. The new class C share is proposed to be convertible into ordinary shares and redeemable upon a resolution by the Board or the general meeting of shareholders. The new class C share will not be subject to trading on Nasdaq Stockholm or any other exchange or trading platform. For the purpose of this step 1), the Board proposes that the Extraordinary General Meeting resolves to amend the Company's articles of association as set out in item 9 below.
- 2) The Board resolves on a directed issue of class C shares to an assisting bank at a price corresponding to the quotient value (SEK 0.1 per share). For the purpose of this step 2), the Board proposes that the Extraordinary General Meeting authorizes the Board to resolve on issuance of class C shares as set out in item 10 below.

- 3) The Board resolves to reacquire the class C shares from the assisting bank at the quotient value of SEK 0.1 per share. For the purpose of this step 3), the Board proposes that the Extraordinary General Meeting authorizes the Board to resolve to acquire own class C shares.
- 4) The Company will hold its own class C shares until the end of the Performance Period under LTIP 2018. When the number of ordinary shares to be delivered under LTIP 2018 has been calculated, the Board will resolve to convert class C shares held by the Company into ordinary shares to the extent needed to fulfil the Company's commitments under LTIP 2018, while the remaining class C shares will be redeemed or kept by the Company to secure delivery of ordinary shares under other share-based incentive programs adopted by the general meeting of shareholders. The possibility to convert and redeem class C shares is included in the proposed amendment of the Company's articles of association (item 9 below).
- 5) The ordinary shares held by the Company following completion of the conversion of class C shares, are transferred, free of charge, to the participants in LTIP 2018 who, according to the terms and conditions for LTIP 2018, are entitled to receive ordinary shares in the Company. For the purpose of this step 5), the Board proposes that the Extraordinary General Meeting resolves to transfer own ordinary shares as set out in item 12 below.

### **Preparation of the proposal**

The proposal for LTIP 2018 has been prepared by the Company's Remuneration Committee and the Board with the support of independent expertise and in consultation with major shareholders.

Vlad Suglobov, Board member and CEO, has not participated in preparing the proposal for LTIP 2018.

### **Previous incentive programs in the Company**

For a description of the Company's other share or share-price related incentive plans, reference is made to the annual report of 2017, note C13, and the Company's website, [www.g5e.com/corporate/share](http://www.g5e.com/corporate/share).

### **Majority requirement**

A valid resolution in respect of the Board's proposal at the general meeting requires that the resolution be supported by shareholders with more than half of the votes cast or, in the event of a tied vote, through the chairman exercising his casting vote.

***Item 8 – Implementation a performance based, long-term share program for the Company’s CEO***

It is further suggested that the Company’s CEO, who is also a director of the Company, shall be given the opportunity to participate in LTIP 2018 on the terms set out in item 7 above. The CEO may be allotted a maximum number of 10,000 Performance Shares under LTIP 2018.

**Majority requirement**

A valid resolution in respect of the Board’s proposal at the general meeting requires that shareholders at the general meeting representing both at least 9/10 of the number of votes cast and the number of shares represented voting for the proposal. Any shares held by the CEO shall be disregarded in the voting.

***Item 9 – Amendments of the articles of association***

In order to secure delivery of Performance Shares to the participants in the proposed incentive program LTIP 2018 (items 7-8 above), the Board proposes that a new class of shares, named class C shares, is introduced. The new class C shares shall be issued solely for the purpose of securing delivery of ordinary shares to the participants in share-based incentive programs as resolved by a general meeting of shareholders. In connection with the introduction of the new class of shares, the Board proposes that the class of shares currently existing is named ordinary shares. The class C share shall carry one tenth (1/10) vote per share and shall not entitle to dividends. Further, the class C share shall be redeemable upon a resolution by the Board or the general meeting of shareholders. The class C share shall also be convertible into ordinary shares upon a resolution by the Board or the general meeting of shareholders.

Thus, the Board proposes that the general meeting resolves that § 5 in the articles of association shall have the following wording:

*“5§. The number of shares shall be not less than 5,000,000 and not more than 20,000,000.*

*Shares may be issued in two classes, ordinary shares and class C shares. Class C shares shall be issued solely for the purpose of securing delivery of ordinary shares to participants in share based incentive programs as resolved by a general meeting of shareholders.*

*The ordinary shares shall carry one vote each and the class C shares shall carry one tenth vote each. Shares of either class may be issued up to an amount corresponding to the entire share capital.*

*Class C shares do not entitle to dividends. Upon the company’s liquidation, class C shares carry equivalent right to the company’s assets as other shares, however not to an amount exceeding the quotient value of the share.*

*Should the company resolve on an issue of new ordinary shares and class C shares, against other payment than contribution in kind, each holder of ordinary shares 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 disturbed among the subscribers in proportion to the number of shares already held, or, to the extent that this is not possible, by lot.*

*Should the company resolve on an issue of new shares solely of ordinary 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 above regarding preferential rights shall apply mutatis mutandis for new issues of warrants and convertible debentures, and shall not limit the possibility to resolve on an issue of shares in with deviation from the shareholders' pre-emption rights.*

*If the share capital is increased by a bonus issue, where new shares are issued, new shares 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. Following a requisite amendment of 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, following a resolution by the company's board of directors or general meeting, be made by redemption of class C shares. 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 required funds are available. The redemption payment per class C share shall correspond to the quotient value of the share.*

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

*Class C shares held by the company, may, upon a resolution by the company's board of directors or general meeting, be reclassified into ordinary shares. Immediately thereafter, the board of directors shall report the reclassification to the Swedish Companies Registration Office (Sw. Bolagsverket) for registration. The reclassification is effected then it has been registered and the reclassification been noted in the Swedish Central Securities Depository."<sup>2</sup>*

## **Majority requirement**

A valid resolution in respect of the Board's proposal at the general meeting requires that shareholders at the general meeting representing both at least two thirds (2/3) of the number of votes cast and the number of shares represented voting for the proposal.

## ***Item 10 – Authorization for the Board to resolve on issuance of class C shares***

The Board proposes that the general meeting resolves to authorize the Board, during the period until the next annual general meeting, on one or more occasions, to increase, the Company's share capital by not more than SEK 12,000 through issuance of not more than 120,000 class C

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<sup>2</sup> The English text is an in-house translation of the Swedish original. The Articles of Association will be registered with the Swedish Companies Registration Office (Sw. Bolagsverket) in the Swedish language only.



shares, each with a quotient value of SEK 0.1. With derogation of the shareholders' pre-emption rights, a bank shall be entitled to subscribe for the new class C shares at a subscription price corresponding to the quotient value of the shares. The purpose of the authorization and the reason for the derogation from shareholders' preferential rights in connection with the issue of class C shares is to ensure delivery of shares to participants in the proposed incentive program LTIP 2018 (items 7-8 above).

### **Majority requirement**

A valid resolution in respect of the Board's proposal at the general meeting requires that shareholders at the general meeting representing both at least two thirds (2/3) of the number of votes cast and the number of shares represented voting for the proposal.

### ***Item 11 – Authorization for the Board to resolve to acquire own class C shares***

The Board proposes that the general meeting resolves to authorize the Board, during the period until the next annual general meeting, on one or more occasions, to acquire its own class C shares. The acquisitions may only be effected through a public offer directed to all holders of class C shares and shall comprise all outstanding class C shares. The number of shares acquired may not result in the Company holding at any time more than 10 per cent of the total number of shares in the Company. The acquisitions shall be conducted at a purchase price corresponding to the quotient value of the share. Payment for the class C shares shall be made in cash. The purpose of the authorization is to acquire own class C shares is to ensure the Company's is able to fulfil its obligations under the proposed incentive program LTIP 2018 (items 7-8 above).

### **Majority requirement**

A valid resolution in respect of the Board's proposal at the general meeting requires that shareholders at the general meeting representing both at least two thirds (2/3) of the number of votes cast and the number of shares represented voting for the proposal.

### ***Item 12- Transfer of own ordinary shares***

The Board proposes that the general meeting resolves to transfer ordinary shares in the Company as follows:

- A maximum of 120,000 ordinary shares in the Company may be transferred (or such higher number of ordinary shares that may follow from a recalculation resulting from a bonus issue, split, preferential issue or similar measure).
- The ordinary shares may be transferred, free of charge, to participants in LTIP 2018 who, according to the terms and conditions for LTIP 2018, are entitled to receive ordinary shares in the Company.
- Transfers of ordinary shares shall be made at the point in time and in accordance with the other conditions that the participants of LTIP 2018 are entitled to receive grants of ordinary shares.

The reasons for the deviation from the shareholders' pre-emption rights are that the transfer of shares is part of the execution of LTIP 2018. The Board therefore is of the opinion that it is beneficial to the Company to transfer shares in accordance with the proposal.

### **Majority requirement**

A valid resolution in respect of the Board's proposal at the general meeting requires that shareholders at the general meeting representing both at least 9/10 of the number of votes cast and the number of shares represented voting for the proposal.

### **NUMBER OF SHARES AND VOTES IN THE COMPANY**

The Company has on issue of this notice, a total of 8,983,850 shares, representing a total of 8,983,850 votes. The Company does not have any treasury shares.

### **OTHER**

All resolutions pursuant to items 7-12 at the Extraordinary General Meeting are mutually conditional upon one another.

The shareholders have the right to request information from the board of directors and the managing director at the general meeting pursuant to Chapter 7, Section 32 of the Swedish Companies Act regarding circumstances which may affect the assessment of a matter on the agenda and circumstances which may affect the assessment of the Company's financial position. The board of directors and the managing director is obliged to provide such information provided that the board of directors believes that provision may take place without significant harm to the Company. This obligation also applies in relation to group companies, group accounts and such other circumstances mentioned above in respect of group companies.

The Board's complete proposals and documents pursuant to Chapter 19, Sections 22 and 24 will be available at the Company's office no later than three weeks before the extraordinary general meeting, and is mailed upon request in connection therewith to shareholders' stating their address. The documents will also be available at the Company's website [www.g5e.com/corporate](http://www.g5e.com/corporate) and be presented at the general meeting.

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Stockholm in October 2018

**G5 Entertainment AB (publ)**

Board of Directors