



# **G5 ENTERTAINMENT AB**

*N.B. This English text is an unofficial translation of the Swedish original of the notice to attend the Annual 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 the Annual 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 Annual General Meeting held at 9.00 am (CET) on Friday, 12 May 2017, at 7a Conference center, Strandvägen 7a, Stockholm, Sweden.

### **Notification**

Shareholders who wish to attend the annual general meeting must:

- be recorded as shareholders in the share register maintained by Euroclear Sweden AB on Saturday, 6 May 2017;
- no later than Friday, 5 May 2017, preferably before 4 pm (CET), have given notice of their participation and potential assistants to G5 Entertainment AB, Riddargatan 18, 114 51 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 annual 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 Saturday, 6 May 2017, 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.

## **Agenda**

1. Opening of the annual 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. Presentation by the CEO
8. Presentation of the annual report and auditor's report, as well as consolidated financial statements and auditor's report for the group
9. Resolution regarding:
  - a. Adoption of the income statement and balance sheet, as well as the consolidated income statement and consolidated balance sheet;
  - b. Treatment of the Company's result in accordance with the adopted balance sheet; and
  - c. Discharge from liability for the directors and the CEO
10. Determination of the number of directors, as well as the number of auditors
11. Determination of remuneration for the Board of Directors and auditors
12. Election of the Board of Directors
13. Election of auditors
14. Resolution regarding guidelines for the nomination committee
15. Resolution regarding authorizing the Board of Directors to resolve to issue shares
16. Resolution regarding adoption of guidelines for remuneration to senior executives
17. (a) Resolution regarding incentive plan for the management
  - (b) Resolution regarding incentive plan for the CEO
  - (c) The Board's proposal to issue warrants
18. Closure of the meeting

## **The nomination committee's proposal**

The nomination committee of G5 Entertainment AB (publ.) consists of Christoffer Häggblom (Chairman and appointed by the shareholder Rite Internet Ventures), Jeffrey Rose (Director of the Board and appointed by the shareholder Wide Development Limited), Sergey Shults (appointed by the shareholder Proxima Limited), Marianne Flink (appointed by the shareholder Swedbank Robur Fonder) and Petter Nylander (Chairman of the Board and appointed by the shareholder Purple Wolf Limited). The members are appointed by shareholders that together represent approximately 33.1 percent of the voting power of all shares of the Company. The nomination committee proposes the following:

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

The nomination committee proposes that Petter Nylander is appointed Chairman of the Annual General Meeting.

### **Item 10 - Determination of the number of directors, as well as the number of auditors**

The nomination committee proposes that the Board, for the period until the next Annual General Meeting shall consist of six (6) members and no deputies. Further, the nomination committee proposes that a registered public accounting firm and a head auditor is to be appointed.

### **Item 11 - Determination of remuneration for the Board of Directors and auditors**

The nomination committee proposes that the remuneration to the Board for the upcoming term, shall amount to SEK 400,000 to the Chairman and SEK 230,000 each to the other members appointed by the General Meeting and who are not employees of the Company. A member of the Board of Directors may, if fiscal conditions permit and provided that it is cost neutral for the Company, invoice the remuneration. The total remuneration to the board shall amount to SEK 1,320,000.

Fees for the upcoming term, in addition to directors' fees, shall be paid to the members of the Company's audit committee, and the fee to the chairman of the audit committee shall amount to SEK 80,000 and 50,000 each to be paid to the other members of the audit committee.

Fees for the upcoming term, in addition to directors' fees, shall be paid to the members of the Company's compensation committee, and the fee to the chairman of the compensation committee shall amount to SEK 50,000 and 30,000 each to be paid to the other members of the compensation committee.

As in the past, remuneration to the auditor shall be paid according to current account and approved invoices.

### **Item 12 - Election of the Board of Directors**

The nomination committee proposes re-election of the Directors Petter Nylander, Jeffrey W. Rose, Vladislav Suglov (CEO) and Christopher Carvalho.

Pär Sundberg and Annika Andersson have both declined to be re-elected.

The nomination committee proposes election of Stefan Lundborg and Johanna Fagrell Köhler.

The nomination committee further proposes that Petter Nylander is re-elected as Chairman of the Board.

**Item 13 - Election of auditors**

The nomination committee proposes that PWC is appointed as accounting firm and that Aleksander Lyckow is appointed as the head auditor.

**Item 14 - Resolution regarding guidelines for the nomination committee**

The nomination committee proposes that the work ahead of the Annual General Meeting in 2018 to develop a proposal to the board of directors, the auditor, their remuneration, chairman of the meeting and the guidelines for the nomination committee shall be performed by a nomination committee.

The nomination committee shall consist of representatives of the five (5) largest shareholders as of 31 August 2017. In the event that one of the five (5) largest shareholders waives their right to appoint a representative, the sixth largest shareholder shall be asked to appoint a representative etc.

The chairman of the board of the Company is responsible for contacting the largest shareholders and handle the formation of the nomination committee in accordance with the procedure described below. The chairman of the board of the Company is also responsible for convening the nomination committee, once all members are appointed, to their first meeting. The nomination committee shall appoint a chairman of the committee. The nomination committee shall be disclosed no later than six months before the annual general meeting.

The largest shareholders, who are entitled to appoint a representative in the committee, shall receive a written request from the chairman of the board of the Company in which they are invited to appoint a representative in the committee, and the largest shareholders shall provide their response, whether the shareholder wants to appoint a representative or not in the committee, no later than seven days from the day on which the request was sent to the shareholder. The response from the major shareholders shall be: i) unconditional (i.e. the acceptance of the assignment may not be conditioned upon the fulfillment of certain conditions, events or similar), ii) final and binding, and iii) irrevocable (i.e. a shareholder who decides not to appoint a representative may not change such decision later on even though the change is made prior to the announcement to the market of the members of the committee). In case the response is not provided within the time limit stated above, the shareholder shall be considered to have unconditionally and irrevocably decided not to appoint any representative in the committee, and a response which contains a condition shall also be treated as a decision not to appoint any representative. In case a) a shareholder responds that it does not want to appoint any representative, b) provides a conditioned response; or c) following the expiry of the above time limit, such shareholder has unconditionally and irrevocably thereby waived its right to appoint a representative in the committee, and the chairman of the board shall thereafter contact the sixth largest shareholder and so forth applying the same procedure to appoint a representative as set forth above. Requests and responses provided in accordance with the above shall be made in writing (an e-mail is to be considered to be made in writing), and shall be duly kept, and the board of GS shall through the chairman of the board receive a copy of the documents. In case a request is sent by regular mail, the registered address of the shareholder in Euroclear Sweden AB will be used.

The nomination committee's term will run until a new committee is appointed. The Company is responsible for costs associated with the nomination committee's work. Members of the nomination committee shall receive no compensation from the Company.

If a member of the nomination committee resigns before the nomination committee's work is complete, the same shareholder who appointed the resigning member shall be entitled to appoint a substitute member consistent with the notice and response procedures and time limits provided above, including without limitation reasonable time limits, irrevocable and unconditional responses, and such other reasonable procedures as the chairman of the committee may decide. Notice shall be given and records shall be kept as provided above.

In addition to what is stated above the Swedish Corporate Governance Code shall be applicable to the nomination committee.

## **The Board's proposal**

### **Item 9b - Resolution regarding the treatment of the Company's result in accordance with the adopted balance sheet**

The Board of Directors proposes that out of the retained earnings and profit, a share dividend of SEK 0.75 for each share (in total SEK 6,600,000) and that the remaining retained earnings plus profit for the year is carried forward.

### **Item 15 - Resolution regarding authorizing the Board of Directors to resolve to issue shares**

The board of directors proposes that the Annual General Meeting until the next Annual General Meeting authorizes the Board of Directors, with or without deviation from the shareholders' preferential right, on one or more occasions, to resolve on issuance of a maximum of 880,000 shares, meaning an increase of the share capital of a maximum of SEK 88,000, corresponding to a dilution of about 10 per cent of the share capital and voting rights. The purpose of the authorization is to enable acquisitions and fundraisings. It shall be possible to pay by kind, set-off or otherwise be subject to conditions. Deviation from the shareholders' preferential right shall be allowed to be made in a situation where it is objectively regarded to be in the shareholders' best interest to deviate from the preferential right. Reasons for such a deviation may include that a rights issue runs the risk of not being fully subscribed, the costs and timing or a desire in the Company's interest to bring one or more major shareholders into the Company. The issue price shall be set at market conditions and a customary discount may be offered. A valid resolution requires that shareholders at the meeting representing at least 2/3 of the numbers of shares and votes represented votes in favor of the proposal.

### **Item 16 - Resolution regarding adoption of guidelines for remuneration to senior executives**

The Board's proposal for guidelines for remuneration to senior executives includes the following items. Senior executives include the CEO and other members of the executive management team. Compensation levels should be competitive and negotiated annually. The CEO and other senior executives are remunerated partly by a fixed monthly salary and partly through variable compensation based on the groups profitability. Variable compensation shall be calculated quarterly by 10 percent on the portion of operating income that exceeds an operating margin of 5 percent. This 5 percent operating margin reduction however does not apply when/while there is negative carried balance due to losses in previous periods. The variable compensation will be distributed such that 40 percent shall accrue to the Company's CEO and the remaining 60 percent can be allocated to the executive management team. A potential operating loss in a quarter reduces the calculation basis for variable compensation in subsequent quarters. The CEO's and the management's overall variable

compensation for the year may not exceed 60 percent of each person's annual salary and is not included in the base for pension benefits. The pension plan is to be in line with normal conditions in the market and the same for senior executives as for other employees. The pension premium shall be defined contribution. Similarly, other benefits for senior executives shall be competitive and in substance the same as for other employees. The employment agreements with senior executives shall contain a notice period of at least 3 months for the employees and a maximum of 12 months from the Company. Upon termination by the Company a severance pay may at most be equal to the fixed monthly salary for 12 months. The Chairman of the Board negotiates the yearly remuneration of the CEO and concludes agreements after approval from the board. The CEO negotiates compensation to senior executives and concludes agreements after approval by the Board. The Board may, if special reasons for doing so exist, make minor changes on an individual basis from the above guidelines.

#### **Item 17a - Resolution regarding incentive plan for the management**

At the Annual General Meeting in 2015 a three year share related incentive program was established in the Company. The Board of Directors proposes that the three year share related incentive program ends prematurely and that the Annual General Meeting resolves on a new program for 2017. The new program includes a larger number of people and the aim is to continue to stimulate extraordinary achievements from executives and other key employees in the group.

The reasons for this new incentive program are to raise the motivation and create participation in respect of executives and key employees concerning possibilities and risks related to the Company's development. Further, the aim is to motivate executives and key employees to continued employment in the group and, in particular situations, to be used for recruitment purposes.

The need of a share related incentive program should be considered against the background that the group is active on a global market and that the executives and key employees in the group, relevant for participation in the program, are conducting business on markets where share related incentives are normal parts of their compensation.

The board of directors proposes that the general meeting resolves to adopt a general incentive program (the "Program") in accordance with the guidelines stated below.

General terms of the Program:

- One (1) warrant gives the holder a right to subscribe for one (1) share in the Company;
- Allocation and which persons who shall be entitled to participate in the Program shall be determined by the board of directors in accordance with the following guidelines: the program shall include key employees and executives which have direct possibilities to affect the profit and loss of the group. The proportion between the number of warrants which the employee is offered to subscribe for shall vary depending on the employee's responsibilities and position;
- The period for the warrants shall be 3.25 years and it shall be possible to exercise the warrants after three (3) years;

- The members of the board of directors shall not have a right to acquire any warrants (with the exception of the Company's CEO, see below under 17 (b));
- Allocation of warrants to employees outside of Sweden is dependent on fiscal effects, subject to that no legal restrictions apply and that the board of directors assesses that such allocation can be carried through with reasonable administrative and economic resources;
- The allocation of warrants is subject to that the employee has signed a pre-emption agreement with the Company. Shares to be offered under the pre-emption agreement shall be offered at market value in the event of a take-over offer by a third party of all shares in the Company and prior to any transfer of warrants to a third party. In other situations, the warrants are freely transferable;
- The strike price shall be determined on the basis of the volume weighted average during ten (10) trading days after the Annual General Meeting in 2017 (however, not lower than the share's quote value) according to the listed settled prices on Nasdaq Stockholm for shares in G5 Entertainment AB (publ.). Days at which no paid price is quoted shall be excluded from the calculation;
- The premium for the warrants shall be the market value of the warrants according to an evaluation with application of a recognized evaluation formula (the Black & Scholes-formula). The period of measurement for the calculation of the premium of the option with application of the Black & Scholes-formula shall proceed during ten (10) trading days after the annual general meeting in 2017;
- All warrants shall be issued at the Annual General Meeting 2017. This issue corresponds to approx. 3.41 percent of the outstanding shares as calculated at the time of the issue. Including the outstanding program, the total dilution would amount to 7.76 percent.

#### **Item 17 (b) - Resolution regarding incentive plan for the CEO**

It is further suggested that the Company's CEO, who is also director of the Company, shall be given the opportunity to participate in the incentive program for management, on essentially the same terms as set out in paragraph 17 (a) above.

#### **Item 17 (c) - The Board's proposal to issue warrants**

In accordance with the general terms laid down in respect of the Program, as set forth above, the board of directors proposes that the annual general shareholders' meeting 2017 resolves to issue warrants according to the following general terms:

- The number of warrants – to be issued – shall be, at the most, 300,000.
- The right to acquire warrants shall, with deviation from the shareholder's preferential right, belong to executives and key employees in the group and the CEO. Subscription for the warrants shall be made between June 8, 2017, and June 16, 2017. Subscription shall be made through payment.

- The premium for the warrants shall be correspondent with the market value of the warrants according to an evaluation with application of a recognized evaluation formula (the Black & Scholes-formula). The period of measurement for the calculation of the premium of the option with application of the Black & Scholes-formula shall proceed between May 15, 2017, and May 29, 2017.
- The warrants may be exercised between June 10, 2020 and September 10, 2020.
- Each warrant gives the holder a right to subscribe for one (1) share in the Company to a strike price amounting to 300 percent of the volume weighted average of the listed settled prices - during the period between May 15, 2020, and May 29, 2020 – on Nasdaq Stockholm for shares in G5 Entertainment AB (publ.) (however, not lower than the share's quote value, being 0.1 SEK). Days at which no paid price is quoted shall be excluded from the calculation.
- In case all warrants are exercised, at the most 300,000 shares may be issued (with reservation for possible recalculation), which corresponds to approximately 3.41 percent of the total number of outstanding shares and votes. At full exercise, the Company's share capital will increase with 30,000 SEK with a dilution of approximately 3.41 percent. The calculation is based on the number of shares and votes which, at the most, may be issued divided with the total number of shares and votes subsequent to such issue. Shares which are held by the Company shall be included when calculating the total number of outstanding shares.
- The Program shall include maximum 95 persons. The proportion between the number of warrants which the employee is offered to subscribe for shall vary depending on the employee's responsibilities and position. The CEO and the group chief executive shall be offered, at the most, 40,000 warrants and the other key employees shall be divided into categories where an individual person shall be offered, at the most, 40,000 warrants and, at the least, 500 warrants. The board of directors shall determine which persons who shall be included in the respective category and which persons who shall be entitled to be allocated warrants. Except for the CEO, the members of the board of directors shall not have a right to subscribe for warrants.
- Allocation of warrants to employees outside of Sweden is dependent on fiscal effects, that no legal restrictions apply and that the board of directors assesses that such allocation can be carried through with reasonable administrative and/or economic resources.
- The allocation of warrants is subject to that the employee has signed a pre-emption agreement with the Company. Shares to be offered under the pre-emption agreement shall be offered at market value in the event of a take-over offer by a third party of all shares in the Company and prior to any transfer of warrants to a third party. In other situations, the warrants are freely transferable.



- The costs related to the Program are calculated to amount to about 100,000 SEK. The Program is not assessed to materially affect the Company's profit per share.

The reasons for the deviation from the shareholders' preferential rights are to raise the motivation and create participation in respect of executives and key employees concerning possibilities and risks related to the Company's development.

This proposal has been prepared by the board of directors of the Company. The CEO did not participate in the preparation of this proposal.

The proposals in 17 (a)-(c) is conditional upon each other and valid decisions requires that shareholders at the Meeting representing both at least 9/10 of the number of votes cast and the number of shares represented voting for the proposal. Terms and conditions regarding the warrants are available on the Company's website.

The board of directors of the Company, or someone appointed by the board, is hereby authorized to make minor changes of these terms, which may be required when registering the program with the Swedish Companies Registration Office (Sw: "Bolagsverket").

#### **Number of shares and votes in the Company**

The Company has on issue of this notice, a total of 8,800,000 shares, representing a total of 8,800,000 votes. The Company does not have any treasury shares.

#### **Shareholders' right to request information**

Shareholders are informed of their right under the Companies Act, Chapter 7, Article 32 to request information at the AGM in respect of circumstances that may affect the assessment of an item on the agenda and circumstances which may affect the assessment of the Company's financial situation.

#### **Documents**

Accounting documents, audit reports and other documents will be available at the Company's office no later than three weeks before the Annual 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.

*Stockholm, April 2017*

*The Board of Directors*