

This English text is an informal translation solely for convenience purposes. In case of inconsistencies between the Swedish and the English text, the Swedish text shall prevail.

Complete proposals to the Annual General Meeting 2018 in Starbreeze AB (publ) (the "Company")

Proposal regarding election of Chairman of the Meeting (item 2 according to the proposed agenda)

In accordance with the nomination committee's proposal counsellor Björn Kristiansson is proposed to be elected Chairman of the Meeting.

Proposal regarding disposition of the Company's profit pursuant to the established balance sheet (item 8 b) according to the proposed agenda)

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.

Proposal regarding the number of Board members and deputy Board members (item 9 according to the proposed agenda)

In accordance with the nomination committee's proposal it is proposed that the Board shall consist of seven ordinary Board members and no deputy members.

Proposal regarding the remuneration to the Board members and the auditor (item 10 according to the proposed agenda)

In accordance with the nomination committee's proposal, as remuneration to the Board, it is proposed that, for the period until the end of the next annual general meeting, SEK 700,000 shall be paid to the Chairman of the Board and SEK 210,000 shall be paid to each of the Board members that are not employed by the Company, a total remuneration of SEK 1,750,000. For the remuneration committee, a remuneration of SEK 200,000 is proposed, of which SEK 100,000 shall be paid to the Chairman and SEK 50,000 to each member. For the audit committee, a remuneration of SEK 400,000 is proposed, of which SEK 200,000 shall be paid to the Chairman and SEK 100,000 to each member. During the previous year, an extra committee remuneration of SEK 300,000 was paid, which is not proposed this year. The proposal above means that the total remuneration to the Board (including remuneration for work on the committees) amounts to SEK 2,350,000 (2,400,000).

Remuneration to the auditor is proposed to be paid as per approved invoice.

The complete proposal as per above includes certain minor, editorial adjustments compared to the summary of the conditions in the notice, further, the remuneration to each of the Board members that are not employed by the Company is SEK 10,000 higher compared to what has been stated in the notice.

Proposal regarding election of Board members and Chairman of the Board (item 11 according to the proposed agenda)

In accordance with the nomination committee's proposal, for the time until the next annual general meeting, re-election of Ulrika Hagdahl, Michael Hjorth, Harold Kim, Bo Andersson Klint and Matias Myllyrinne and new election of Kristofer Arwin and Åsa Wirén is proposed. Eva Redhe has declined re-election.

Kristofer Arwin is a graduate economist, Chairman of the board and co-founder of TestFreaks, where he was also previously the CEO. He is the founder of Pricerunner, where he was also previously 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 is a graduate economist, operating as a Senior Advisor with 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.

In accordance with the nomination committee's proposal, it is proposed to re-elect Michael Hjorth as Chairman of the Board. Further information on the proposed Board members is available on the Company's website www.starbreeze.com.

The nomination committee's work report and statement explaining the proposal for Board

The nomination committee has held three meetings for which minutes were recorded and have in addition held work meetings and had contacts by phone and email. The nomination committee has, as a basis for its proposal for the Board, evaluated the Board's work through, among other things, the written internal Board assessment made during the year and through interviews with the members of the Board. All members of the nomination committee have met the proposed new Board members. As diversity policy, the nomination committee has applied the Swedish Corporate Governance Code, rule 4.1. The nomination committee has also reviewed the audit committee's evaluation of the audit and recommendation regarding appointment of auditor. No proposals from other shareholders have been received by the nomination committee.

The requirements which can be imposed on the Board in the Company have been discussed in detail by the nomination committee. The question relating to what experience and competence can be required in the Board as well as diversity, including gender balance, experience from working in publicly listed companies as well as independence requirements have been discussed. The nomination committee has in its evaluation concluded that the current Board has an appropriate composition in terms of variety and range of the members' competence, experience and background and that the members together have a good financial and industry-relevant competence as well as international experience. The nomination committee proposes new election of Kristofer Arwin and Åsa Wirén who add further relevant competence and experience to the Board, such as entrepreneurship, experience from digital business models, financial competence and experience from internal controls in public companies. Altogether, the nomination committee's opinion is that the proposed Board has appropriate qualifications and a suitable composition considering, among other things, the Company's business, strategy, governance and control. The proposal to expand the Board with one member will result in that the share of women in the Board will amount to 29 per cent, which does not meet the requirement for gender balance set out in the

Swedish Corporate Governance Code. It is the nomination committee's intention to work for that the Company shall fulfil the ambition level set by the Swedish Corporate Governance Board which includes that the Board of the Company no later than after the annual general meeting 2020 shall consist of at least 40 per cent of the underrepresented gender. Five of the proposed Board members are to be considered as independent both in relation to the Company and its management and in relation to its largest shareholders. Further information on the proposed members of the Board can be found on the Company's website www.starbreeze.com.

Proposal regarding election of auditor (item 12 according to the proposed agenda)

In accordance with the nomination committee's proposal, 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 for the Company.

Proposal regarding resolution on authorising the Board of directors to resolve upon new issue of shares (item 13 according to the proposed agenda)

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.

Proposal regarding resolution on appointment of nomination committee (item 14 according to the proposed agenda)

In accordance with the nomination committee's proposal, it is proposed that the procedure for appointing the nomination committee for future annual general meetings shall be carried out in accordance with the following.

The Company shall have a nomination committee consisting of, at most, four members, who shall represent, by votes, the largest owners or owner groups, and the Chairman of the Board unless the Chairman is one of the members appointed by the largest owners. The four, by votes, largest shareholders will be contacted based on the company's list, provided by Euroclear, of registered shareholders as of the last 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 shareholding. When determining who the four, with regards to votes, largest owners 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 rights 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 if the nomination committee consists of at least three members appointed by larger owners. 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 have appointed 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 including committees, the Board's composition, Chairman of the Board, Chairman of the annual general meeting, election of auditors and auditors' remuneration and, when applicable, proposals on changes to this instruction regarding appointment of the nomination committee and other assignments which follow from the Swedish Corporate Governance Code. 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 complete proposal as per above includes certain minor, editorial adjustments compared to the summary of the conditions in the notice, together with a clarification due to the fact that the Company is now subject to the Swedish Corporate Governance Code. The instruction for appointing the nomination committee is also determined for coming years.

Proposal regarding resolution on remuneration guidelines for senior executives (item 15 according to the proposed agenda)

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 period 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, that special circumstances justify such deviation.

Proposal regarding resolution to establish an incentive scheme (item 16 according to the proposed agenda)

The Board proposes that the Meeting resolves to establish an incentive scheme, consisting of, *inter alia*, issuance of warrants and approval of transferring warrants, in accordance with what is set out below.

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

A. Issuance of warrants

The Board proposes that the Meeting resolves, with deviation from the shareholders' preferential right, to issue 3,000,000 warrants in accordance with the following conditions.

- Right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, only be vested in the subsidiary Starbreeze Production AB, reg. no. 556292-1063 (the "**Subsidiary**") with the right and obligation to, in accordance with the instructions from the Board of the Company and as specified in item B below, transfer the warrants at market value to current and future Participants (as defined below).
- 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 the shareholders' best interest, to offer Participants (as defined below) 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, stimulate greater interest for the business and the profit performance and increase the sense of connection with the Company and its subsidiaries.
- The warrants are issued free of charge to the Subsidiary.
- The warrants shall be subscribed for on a separate subscription list no later than on 9 June 2018. The Board shall be entitled to extend the subscription period.

- Each warrant gives a right during the period from 15 April 2021 up to and including 30 June 2021 subscribe for one (1) B-share in the Company at a subscription price corresponding to two hundred (200) per cent per share of the volume weighted average price of the Company's B-share at Nasdaq OMX during the previous ten (10) trade days before the Annual General Meeting 2018.
- The issue price for subscription of shares by virtue of the warrants, as well as the number of shares that each warrant entitles subscription to, may be subject to adjustments as set forth in section 8 in the conditions of the warrants set forth in Appendix A.
- Given that all warrants being subscribed for and allotted, the share capital can be increased by up to SEK 60 000,01 upon full exercise of the warrants.
- Utilization of all 3,000,000 issued warrants corresponds with a dilution of approximately 1 percent calculated on the number of shares issued as of today.
- The new shares carry right to dividend on the record date which occurs immediately after share, which by virtue of subscription of the warrant have been subscribed, has been registered at the Swedish Companies Registration Office (*Sw. Bolagsverket*), provided that the new shares are registered and listed in the, by Euroclear Sweden AB, kept share register on the record date for such dividend.
- The Board shall, subsequent to the completion of the subscription of the warrants, resolve upon allotment of the warrants subscribed for. A condition for allotment to the Subsidiary is that the Subsidiary has signed an agreement with the Company regarding the details for the transfer of the warrants to Participants (as defined below).
- In other respects, the conditions set out in Appendix A shall be applicable for the warrants.

B. Approval of transferring of warrants

The Board further proposes that the Meeting resolves to approve that the Subsidiary has the right and obligation to transfer the warrants issued in connection with the establishment of the incentive scheme under item A above to Participants (as defined below) in accordance with the Board's resolutions.

The following conditions shall apply to the Subsidiary's transfer of warrants.

- Right to subscribe for the issued warrants shall, as described above, be vested in the Subsidiary, which shall offer and transfer the warrants to Participants (as defined below) in accordance with instructions from the Board of the Company.
- The Subsidiary shall, in accordance with the Board's resolutions, transfer the warrants to Participants within four (4) different categories of employees or future employees in the Company and its subsidiaries. These four (4) categories consist of (i) key employees, (ii) senior executives, (iii) specialists and (iv) the CEO of the Company. Category (i) key employees consist of high performers employed prior to 2015. Category (ii) senior executives consist of employees at C-level and management team, excluding the CEO. Category (iii) specialists consist of producers, junior producers and so-called Leads.
- The warrants shall be allocated as follows: Category (iv) the CEO in the Company, 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. Remaining three (3) categories of Participants may obtain no more than forty (40) percent per category of the total number of warrants in the incentive scheme, and no more than six (6) percent may be allocated to an

individual Participant in such category. All persons included in the four categories above are referred to as the “**Participants**” or “**Participant**”, as the case may be, in this proposal.

- The transfer of the warrants 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 made by an independent rating agency. The warrants which are transferred to the Participants at market price are not expected to involve any tax or social security contributions for the Company or salary costs for the Company.
- A condition for the Subsidiary’s transfer of the warrants is that the purchaser has entered into a warrant holder agreement with the Subsidiary which shall include, *inter alia*, provisions for the Subsidiary’s right of first refusal should the warrant holder transfer warrants to a third party, as well as a right, but not an obligation, for the Subsidiary to purchase the warrants should the warrant holder’s employment with the Company or any of its subsidiaries terminate during the term of the warrant.
- Warrants that are not acquired, as described above, or which have been repurchased by the Subsidiary under the warrant holder agreement shall be retained by the Subsidiary and, in accordance with instructions from the Board of the Company, be offered and sold to other Participants alternatively be cancelled if the Board of the Company so require.

The Meeting is proposed to authorize the Board, or any other person appointed by the Board, to make such minor adjustments to the conditions set forth above which may be necessary to be able to register the resolution with the Swedish Companies Registration Office.