



Notice of Extraordinary General Meeting in Starbreeze AB (publ)

STOCKHOLM, (December 18, 2019) – the shareholders in Starbreeze AB (publ), reg.no. 556551-8932, (the “Company”) are hereby convened to the Extraordinary General Meeting on Monday January 13, 2020, at 14:00 at the Drottninggatan 89, Stockholm.

Notice

Shareholders who wish to participate at the Extraordinary General Meeting shall

- be registered under the shareholders own name in the share register kept by Euroclear Sweden AB no later than on Tuesday, January 7, 2020, and
- notify the Company no later than Tuesday, January 7, 2020, to address Starbreeze AB, “Bolagsstämman”, 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 held shares. In the event 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 Extraordinary General Meeting. Such documentation of authorization should also be enclosed in the notification to the Company. 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 Extraordinary General 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 realize such re-registration must advise their nominees well in advance of Tuesday, January 7, 2020, 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. Resolution on amending the terms of the Company’s outstanding convertible bond
8. Closing of the Meeting

Resolution on amending the terms of the Company's outstanding convertible bond (item 7)

The Board of Directors proposes that the Extraordinary General Meeting resolves to amend the terms of the Company's outstanding convertible bond 2016/2021:1.

In the context of the company restructuring initiated in the Company on December 3, 2018, negotiations have been conducted with, among others, the holder of the Company's convertibles 2016/2021:1. These negotiations have resulted in an agreement entailing, *inter alia*, that the terms for payment will be amended in order to enable a successful company restructuring. As a result of the agreement entered into, the Company has undertaken to convene an Extraordinary General Meeting and to propose at this Extraordinary General Meeting to amend the terms of the convertible bond. The holder of the convertible bond, Smilegate Holdings Inc., has agreed to amend the terms of the convertible bond as proposed.

The Board of Directors proposes, against the background of the above, that the Extraordinary General Meeting resolves to amend the terms for the Company's convertibles 2016/2021:1 in accordance with paragraphs a – i below.

- a) in the definition of "Final Due Date", the introductory part "... refers to the day that occurs five (5) years after Registration ..." is replaced by "... refers to December 6, 2024 ...";
- b) item 2 c) shall read: "The loan is due for payment in accordance with the terms set out in 2 f) below. However, notwithstanding the provisions of paragraph 2 f), outstanding amounts of capital and accrued interest are due on the Final Due Date.
- c) paragraph 2 d) shall read: "The convertibles constitute direct, unconditional obligations for the Company which are subordinated to the benefit of other creditors in the composition proposal settled for the Company on December 6, 2019. Collateral has been provided for the convertibles in the form of a pledge of shares in New Starbreeze Publishing AB, which pledge is subordinated to the benefit of other mortgagees and is conditional in that it may only be used provided that all the Company's other creditors in the composition proposal that was settled for the Company on December 6, 2019, received full payment in accordance with the proposal. In priority right, the Convertibles are ranked *pari passu* without mutual preference.
- d) paragraph 2 f) shall read: "Capital amounts and interest shall be paid quarterly in arrears on January 31, April 30, July 30 and October 31, annually, for the first time on January 31, 2020. If a due date now specified is not a banking day, payment should instead be made on the next banking day. The capital amount is paid in 20 equal installments together with accrued unpaid interest. Payment is deducted primarily against the amount of capital and, secondly, against accrued interest. The stated payment obligation is conditional and must be fulfilled on specified due dates with an amount that corresponds to the entire free net cash flow. The free net cash flow, when applying these conditions, is defined as consolidated, free cash flow in the Company after tax in the period-ending financial statement that preceded the current maturity date, prepared in accordance with *International Financial Reporting Standards (IFRS)*, after deduction of a buffer corresponding to an amount which corresponds to the net liquidity needs of the next calendar quarter according to the established liquidity forecast. In applying these terms, it is further considered that the right to payment for the Convertibles is subordinated in the manner set out in 2 d) above,
- e) in paragraph 10 (a), the conversion price of SEK 13.49 stated at the end of the first sentence shall be adjusted to the value corresponding to the average quoted price of the shares during the trading days December 9, 2019, to January 10, 2020,
- f) paragraph 9 (a) is amended from "... at any time during the period..." to "... from the first day of the period following from paragraph 9 (b)...",
- g) paragraph 9 (b) first sentence shall be amended from "... The convertible holder may request Conversion during the period beginning at Registration..." to "... The convertible holder may request Conversion during the period beginning on the day after January 13, 2020, when the Swedish Companies Registration Office has registered the resolution to adjust the Conversion

Rate... ”,

- h) the terms of paragraphs 6 and 8 shall be deleted in its entirety; and
- i) the terms shall otherwise be amended to reflect the changes resulting from the agreement with the holder and the company restructuring that has taken place in the Company, and the implementation of the settled restructuring plan.

For a valid decision as above, it is required that the resolution is supported by shareholders with at least two thirds of both the votes cast and the shares represented at the Extraordinary General Meeting.

Number of shares and votes

At the time of the issue of the notice there are a total of 329 367 849 shares, whereof 53 042 491 shares of Class A and 276 325 358 shares of Class B, and in total 806 750 268 votes.

Right to information

Shareholders present at the Extraordinary General Meeting have the right to request information regarding matters on the agenda in accordance with Chapter 7 clause 32 of the Swedish Companies Act (2005:551).

Documents

The Board of Director's complete proposal as well as a proxy form will no later than on Monday, December 23, 2019, 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
December 2019
Starbreeze AB (publ)
Board of Directors

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For more information, please contact:

Torgny Hellström, Chairman of the Board
torgny.hellstrom@starbreeze.com

Maeva Sponbergs, EVP Communication
Ph: +46(0)8-209 208, email: ir@starbreeze.com

The information was submitted for publication, through the agency of the contact person set out above, at 18:15 CET on December 18, 2019.

About Starbreeze

Starbreeze is an independent developer, creator, publisher and distributor of PC and console targeting the global market, with studios in Stockholm, Barcelona and Paris. Housing the smash hit IP PAYDAY, Starbreeze develops games based on proprietary and third-party rights, both in-house and in partnership with external game developers. 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