



DEAG Deutsche Entertainment Aktiengesellschaft

Berlin

WKN: A0Z23G / ISIN: DE000A0Z23G6

WKN: A2TSMP / ISIN: DE000A2TSMP9

We hereby invite our shareholders to the

Ordinary Annual General Meeting 2019

of DEAG Deutsche Entertainment Aktiengesellschaft (“**the Company**” or “**DEAG**”)

which will be held at the venue Meistersaal, Köthener Strasse 38, 10963 Berlin,
on Thursday, June 27, 2019, at 11:00 a.m.

I. Agenda

- 1. Presentation of the adopted financial statements of the Company and the consolidated financial statements approved by the Supervisory Board, the combined management report and the Group management report for the Company and the Group, the report of the Supervisory Board and the explanatory report of the Management Board concerning disclosures in accordance with Sections 289a para. 1, 315a para. 1 German Commercial Code (HGB) for fiscal year 2018 in each case**

The documents submitted in respect of agenda item 1 can be inspected from the date of convocation of the Annual General Meeting onwards on the Company’s website at:

www.deag.de

-> Investor Relations -> Annual General Meeting -> 2019. The documents will also be available during the Annual General Meeting on 27 June 2019 and will be explained verbally. A resolution will not be adopted on this agenda item in accordance with the statutory provisions, since the Supervisory Board has already approved the financial statements and consolidated financial statements prepared by the Management Board in accordance with Section 172 German Stock Corporation Act (AktG) and the financial statements are hence adopted.

2. Resolution on the formal approval of the actions of the Management Board for fiscal year 2018

The Management Board and the Supervisory Board propose for fiscal year 2018 to formally approve the actions of the acting members of the Management Board during fiscal year 2018.

3. Resolution on the formal approval of the actions of the Supervisory Board for fiscal year 2018

The Management Board and the Supervisory Board propose fiscal year 2018 to formally approve the actions of the acting members of the Supervisory Board during fiscal year 2018 for.

4. Resolution on the election of the external auditor for the financial statements of the Company and the Group for fiscal year 2019 and the auditor for the possible audit reviews of interim reports and other financial information up to the next Ordinary Annual General Meeting

The Supervisory Board proposes to elect Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, as auditor and group auditor for the financial year 2019 and as auditor for the possible review of interim reports and other financial information within the meaning of Section 115 (7) of the German Securities Trading Act (WpHG) during the fiscal year which are prepared prior to the Annual General Meeting in 2020 and to the extent that the review is commissioned.

5. Resolution on the authorisation for the creation of a new authorised capital (Authorised Capital 2019/I) with the possibility to exclude the subscription right of the shareholders and a corresponding amendment to the Articles of Association

By resolution of the Annual General Meeting of 26 June 2014, the Management Board was granted an authorisation for an Authorised Capital in the amount of EUR 8,176,667.00. After partial utilisation, this Authorised Capital currently still amounts to EUR 6,132,578.00. This authorisation expires, however, on 25 June 2019, so that no authorised capital will be available after this date.

In order to provide the Management Board with the highest possible flexibility in view of the further development of the Company, a new Authorised Capital 2019/I is to be created for a term of five years, which can be used for both contributions in cash.

The Management Board and the Supervisory Board propose to adopt the following resolution:

- a) The Management Board is authorised to increase, with the approval of the Supervisory Board, the share capital until 26 June 2024 once or several times by up to a total of EUR 9,527,278.00 (in words: nine million, five hundred and twenty-seven thousand, two hundred and seventy-eight euros) by issuing up to 9,527,278 new no-par value shares against contributions in cash (**Authorised Capital 2019/I**). The shareholders are to be granted, as a matter of principle, subscription rights. The subscription right may also be granted indirectly to the shareholders, in accordance with Section 186 para. 5 German Stock Corporation Act (AktG). The Management Board is, furthermore, authorised to exclude, with the approval of the Supervisory Board, the subscription right of the shareholders in the following cases:
- For the settlement of fractional amounts;
 - To issue shares as employee shares for the employees of the Company;
 - In the case of capital increases against cash contributions, if the issue price of the new shares is not significantly lower than the market price of the already listed shares at the time of the determination of the issue price and the shares issued under the exclusion of the

subscription rights in accordance with Sections 203 para. 1 and 2, 186 para. 3 sentence 4 German Stock Corporation Act do not exceed 10% of the share capital at the time the authorisation takes effect or – if this value is lower – at the time of utilisation of the authorisation. Shares issued or to be issued during the term of this authorisation up to the time of its utilisation to service bonds with warrants or convertible bonds, provided that the bonds were issued in analogous application of Sections 186 para. 3 sentence 4 German Stock Corporation Act excluding subscription rights, as well as treasury shares acquired on the basis of an authorisation pursuant to Section 71 para. 1 no. 8 German Stock Corporation Act and sold excluding shareholders' subscription rights pursuant to Section 186 para. 3 sentence 4 German Stock Corporation Act, are to be included in the maximum limit;

- As far as necessary to grant holders of convertible and / or option bonds, issued by the Company, a subscription right for new shares to the extent they would be entitled to after the exercise of their conversion and / or option right and / or after the fulfilment of conversion obligations.

The total number of the shares issued against cash contributions from the Authorised Capital 2019/I under the exclusion of the subscription rights may not exceed 10% of the share capital at the time this authorisation takes effect or – if this value is lower – at the time this authorisation is exercised.

The Management Board is authorised to define, with the approval of the Supervisory Board, the details of the capital increase and its execution, more particularly concerning the content of rights attaching to the shares and the terms and conditions of the share issue. This also includes the determination of the right to dividend of the new shares, which can be defined, by deviation from Section 60 para. 2 German Stock Corporation Act, and – as far as legally admissible – also for an already lapsed fiscal year. The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the utilisation of the authorised capital.

b) Article 4 para. 4 of the Articles of Association is reworded as follows:

*“(4) The Management Board is authorised to increase, with the approval of the Supervisory Board, the share capital until 26 June 2024 once or several times by up to a total of EUR 9,527,278.00 (in words: nine million, five hundred and twenty-seven thousand, two hundred seventy-eight euros) by issuing up to 9,527,278 new no-par value shares against contributions in cash (**Authorised Capital 2019/I**). The shareholders are to be granted, as a matter of principle, subscription rights. The subscription right may also be granted indirectly to the shareholders, in accordance with Section 186 para. 5 German Stock Corporation Act (AktG) The Management Board is, furthermore, authorised to exclude, with the approval of the Supervisory Board, the subscription right of the shareholders in the following cases:*

- *For the settlement of fractional amounts;*
- *To issue shares as employee shares for the employees of the Company;*
- *In the case of capital increases against cash contributions, if the issue price of the new shares is not significantly lower than the market price of the already listed shares at the time of the determination of the issue price and the shares issued under the exclusion of the subscription rights in accordance with Sections 203 para. 1 and 2, 186 para. 3 sentence 4 German Stock Corporation Act do not exceed 10% of the share capital at the time the authorisation takes effect or – if this value is lower – at the time of utilisation of the authorisation. Shares issued or to be issued during the term of this authorisation up to the time of its utilisation to service bonds with warrants or*

convertible bonds, provided that the bonds were issued in analogous application of Section 186 para. 3 sentence 4 German Stock Corporation Act excluding subscription rights, as well as treasury shares acquired on the basis of an authorisation pursuant to Section 71 para. 1 no. 8 German Stock Corporation Act and sold excluding shareholders' subscription rights pursuant to Section 186 para. 3 sentence 4 German Stock Corporation Act are to be included in the maximum limit;

- *As far as necessary to grant holders of convertible and / or option bonds, issued by the Company, a subscription right for new shares to the extent they would be entitled to after the exercise of their conversion and / or option right and / or after the fulfilment of conversion obligations.*

The total number of the shares issued against cash contributions from the Authorised Capital 2019/I under the exclusion of the subscription rights may not exceed 10% of the share capital at the time this authorisation takes effect or – if this value is lower – at the time this authorisation is exercised.

The Management Board is authorised to define, with the approval of the Supervisory Board, the details of the capital increase and its execution, more particularly concerning the content of rights attaching to the share and the terms and conditions of the share issue. This also includes the determination of the right to dividend of the new shares, which can be defined, by deviation from Section 60 para. 2 German Stock Corporation Act, and – as far as legally admissible – also for an already lapsed fiscal year. The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the utilisation of the authorised capital.”

6. Resolution on the authorisation to grant subscription rights to the members of the Management Board, the members of the management of affiliated companies in which the Company holds a majority interest and to executives of the Company (Stock Option Plan 2019) and Creation of a conditional capital (Conditional Capital 2019/I) and amendment to the Articles of Association

DEAG considers the participation of executives in the Company's share capital as an important component of a business policy aligned to the shareholders' interests. The Company therefore intends to issue subscription rights to members of the Management Board, to selected executives of the Company and to managers of affiliated companies.

For this purpose, subscription rights shall be issued which can be used to subscribe to shares of the Company at the end of the waiting period. The proposed model is intended to enable selected employees, i.e. members of the Management Board, managers of affiliated companies and executives of DEAG, to participate in the future success of the Company in the medium and long term and to strengthen the loyalty of managers to their Company. The aim is to achieve a long-term, sustainable increase in the value of the Company.

The Management Board and Supervisory Board suggest the following resolution to be adopted:

- a) Authorisation to issue subscription rights (Stock Option Plan 2019)

The Management Board is authorised to issue in accordance with the following provisions, before or on 31 December 2022 (“**Authorisation Period**”), up to 1,905,455 subscription rights (“**Stock Options**”), which entitle to a total of up to 1,905,455 DEAG no-par value bearer shares, each representing a proportionate amount of the share capital of EUR 1.00. To the extent that members of the Management Board of the Company are to receive stock options, this

authorisation is exercised exclusively by the Supervisory Board of the Company. A subscription right of the shareholders does not exist.

Insofar as stock options expire within the Authorisation Period due to beneficiaries leaving DEAG, the respective number of stock options may be reissued.

(1) Beneficiaries

Stock options may be issued to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company and executives of the Company. The exact group of beneficiaries and the number of stock options to be granted to each of them shall be determined by the Management Board of the Company with the consent of the Supervisory Board. To the extent that members of the Management Board of the Company are to receive stock options, this determination and the decision to issue the stock options shall be made exclusively by the Supervisory Board of the Company.

The total volume of stock options under the Stock Option Plan 2019 is distributed among the eligible beneficiaries as follows:

- Members of the Company's Management Board receive a maximum total of up to 952,729 stock options (approx. 50%);
- Members of the management of affiliated companies of the Company receive a maximum total of up to 476,363 stock options (approx. 25%);
- Executives of the Company shall receive a maximum total of up to 476,363 stock options (approx. 25%).

The right to subscribe in one group of beneficiaries excludes the right to subscribe in another group of beneficiaries. The allocation to one group of beneficiaries takes place in the above order when the respective stock options are issued. At the time the options are granted, the entitled beneficiaries must have an employment relationship which is not terminated with the Company or one of its affiliated domestic or foreign companies.

(2) Issuance and acquisition periods

The stock options may be issued in up to three tranches, whereby the respective volume of a tranche may comprise up to one third of the total volume of stock options allocated to an entitled group of persons (the individual tranches hereinafter referred to as “**Tranche I**”, “**Tranche II**” and “**Tranche III**” and collectively the “**Tranches**”). Only one Tranche may be issued per calendar year.

The stock options may not be issued within the following periods (“**Lock-up Periods**”):

- from the beginning of a fiscal year to the date of publication of the consolidated financial statements for the past fiscal year;
- in each case 15 trading days prior to the publication of either quarterly or half-yearly reports and interim announcements by the Company;
- in each case 15 trading days prior to each Annual General Meeting of the Company.

Trading days within the meaning of the Stock Option Plan 2019 are the days on which DEAG shares are traded on the Frankfurt Stock Exchange. In case the shares are no longer traded on the Frankfurt Stock Exchange, the Management Board of the Company is entitled, with the

consent of the Supervisory Board or – insofar as stock options of the Management Board are concerned – the Supervisory Board, to determine another comparable stock exchange on which the DEAG shares are traded as a substitute.

In order to simplify the calculation and administration of the stock options, one day of an acquisition period may be set as the date of issue (“**Date of Issue**”) in the terms and conditions for the Stock Option Plan 2019 by the Management Board of the Company with the consent of the Supervisory Board or – insofar as stock options of the Management Board are concerned – by the Supervisory Board.

Subscription rights may be issued for the first time in the fiscal year 2019, but not before the Conditional Capital 2019/I has been registered in the commercial register.

(3) Waiting Period and term

The stock options can be exercised for the first time after a waiting period of four years calculated from the respective issuing date onwards. In total, the stock options have a term of seven years from the date of issuance; thereafter they expire without compensation.

(4) Exercise periods and performance targets as well as exercise price

After the waiting period has expired, the stock options may be exercised if the performance target has been achieved within a period of six weeks prior to the respective exercise for each tranche (“**Exercise Window**”). Stock options may not be exercised during the blocking periods (see (2) above); this also applies if an Exercise Window opens during the blocking periods.

The exercise price for each tranche is at least:

- for Tranche I: EUR 6.00
- for Tranche II: EUR 6.50
- for Tranche III: EUR 7.00

The performance target for the respective tranche is achieved if the closing price of the Company's share in XETRA trading (or a comparable successor system of the Frankfurt Stock Exchange) reaches or exceeds the exercise price for the respective tranche on 10 consecutive trading days prior to the respective exercise (“**Performance Target**”).

(5) Fulfilment of the stock option

Each stock option exercised in accordance with the terms and conditions of the Stock Option Plan 2019 entitles the holder, against payment of the exercise price, to subscribe for one DEAG share only on the basis of the Conditional Capital 2019/I to be created for this purpose. The new shares shall participate in profits from the beginning of the fiscal year for which no resolution on the appropriation of profits has yet been passed at the time the stock options are exercised.

Prior to an exercise period, the Supervisory Board may determine that instead of the delivery and creation of new shares on the basis of the Conditional Capital 2019/I, a corresponding number of shares, held by the Company as treasury shares, shall be delivered to comply with the obligation to provide a stock option (“**Alternative Performance**”). The Alternative Performance may be determined in general, for several exercise periods or in individual cases; the beneficiaries of the stock options shall be informed of this decision in a timely manner.

The acquisition of treasury shares for Alternative Performance must comply with the statutory requirements; this resolution does not grant an authorisation pursuant to Section 71 para. 1 no. 8 German Stock Corporation Act.

(6) Adjustment in case of capital measures/dilution protection

If, during the term of stock options, granting direct or indirect subscription rights to its shareholders, the Company increases its share capital by issuing new shares or sells its own shares or issues bonds with conversion and/or option rights or obligations, the conditions for the Stock Option Plan 2019 may provide for dilution protection in order to not affect the economic content of the stock options, e.g. by adjusting the exercise price and performance target. In addition, the terms and conditions for the Stock Option Plan 2019 may provide for an adjustment of the subscription rights in the event of a capital increase from Company funds and capital reduction, in the event of a stock split and a consolidation of shares. Also in the event of an adjustment, the exercise price must correspond at least to the proportionate amount of the Company's share capital attributable to one share (Section 9 para. 1 German Stock Corporation Act).

(7) Other regulations

The subscription rights are inheritable, but cannot be transferred or sold. They cannot be pledged.

The further details of the Stock Option Plan 2019 will be determined by the Management Board with the consent of the Supervisory Board or – insofar as stock options of the Management Board are concerned – by the Supervisory Board via the terms and conditions for the Stock Option Plan 2019. The further details include – insofar as this has not already been mentioned above – in particular:

- the procedure for issuing/granting and exercising stock options;
- the determination of the number of stock options to be issued to the individual beneficiaries or to groups of beneficiaries by specifying assessment criteria or individual selection;
- the exercise price (taking into account the minimum exercise price determined under lit. a) (4));
- determination of an appropriate upper limit for option gains in the event of extraordinary developments and in the event that option gains would lead to an inappropriate total remuneration of the individual beneficiary;
- the determination of additional exercise periods in the event of a takeover of the Company or its affiliated companies, a restructuring of the Company or the Group, the conclusion of an inter-company agreement or similar special cases;
- special provisions with regard to the general exercising conditions (“**Vesting**”) in the event of death, occupational disability, retirement, resignation on friendly terms, termination and other special circumstances.

(8) Taxation

All taxes due upon the exercise of the stock options or on the sale of the shares by the beneficiaries are borne by the beneficiaries.

(9) Reporting Obligation

The Management Board will report on the use of the stock option plan and the stock options granted to the beneficiaries for each fiscal year in accordance with the applicable provisions in the notes to the annual financial statements, in the notes to the consolidated financial statements or in the annual report.

b) Conditional Capital 2019/I

The share capital of the Company shall be conditionally increased by EUR 1,905,455.00 (in words: one million nine hundred and five thousand, four hundred and fifty-five euros) by issuing up to 1,905,455 no-par value bearer shares (**Conditional Capital 2019/I**). The conditional capital increase serves exclusively to satisfy subscription rights granted on the basis of the authorisation of the Annual General Meeting of 27 June 2019 pursuant to agenda item 6. The conditional capital increase will only be carried out to the extent that the holders of the subscription rights issued under the “Stock Option Plan 2019” exercise their right to subscribe to shares of the Company and insofar as the Company does not deliver any treasury shares to satisfy the options. The new shares participate in profits from the beginning of the fiscal year for which no resolution on the appropriation of profits has been passed at the time of issuance.

c) Authorisation to amend the Articles of Association

The Supervisory Board is authorised to amend the wording of Article 4 of the Articles of Association in accordance with the issuing of subscription shares. The same shall apply if and to the extent that the stock options can no longer be served.

d) Amendment of the Articles of Association

The following new paragraph (5) shall be inserted after Article 4 paragraph (4) of the Articles of Association of DEAG:

*“(5) The share capital of the Company is conditionally increased by EUR 1,905,455.00 (in words: one million nine hundred and five thousand, four hundred and fifty-five euros) by issuing up to 1,905,455 no-par value bearer shares (**Conditional Capital 2019/I**). The conditional capital increase serves exclusively to satisfy subscription rights granted on the basis of the authorisation of the Annual General Meeting of 27 June 2019 pursuant to agenda item 6. The conditional capital increase will only be carried out to the extent that the holders of the subscription rights issued under the “Stock Option Plan 2019” exercise their right to subscribe to shares of the Company and insofar as the Company does not deliver any treasury shares to satisfy the options. The new shares participate in profits from the beginning of the fiscal year for which no resolution on the appropriation of profits has been passed at the time of issuance. The Supervisory Board is authorised to amend the wording of Article 4 of the Articles of Association in accordance with the issuing of subscription shares. The same shall apply if and to the extent that the stock options can no longer be served.”*

II. Reports and notifications to the Annual General Meeting

1. Report of the Management Board to the Annual General Meeting in accordance with Sections 203 para. 2 sentence 2, 186 para. 4 sentence 2 German Stock Corporation Act on agenda item 5

The creation of the Authorised Capital 2019/I proposed under agenda item 5 is to allow the Management Board to respond, with the consent of the Supervisory Board, at short notice to any financial needs occurring in view of the maintenance or enlargement of the equity basis. It is in the interests of the Company that it has the largest possible flexibility for the financing of the Company.

The empowerment applied for replaces the existing empowerment with a largely comparable structuring.

The authorisation requested under agenda item 5 is to create an authorised capital in the amount of EUR 9,527,278.00 for the utilisation of which the shareholders are, as a matter of principle, entitled to a subscription right. The proposed authorisation provides, however, also for the possibility of exclusion of the statutory subscription right of the shareholders.

Authorisation to exclude subscription rights for the settlement of fractions

The exclusion of the subscription right for the settlement of fractions is necessary for technical reasons because otherwise an even shareholding ratio cannot be created. This facilitates the handling of the subscription right of the shareholders.

Authorisation to exclude subscription rights for the issuing of employee shares

Insofar as the subscription right to issue employee shares can be excluded, this is done within the framework of the objectives provided for in Section 71 (1) no. 2 German Stock Corporation Act and Section 192 (2) no. 3 German Stock Corporation Act, in particular the commitment of employees to their company and the motivation of employees. The issue price is determined taking into account the stock market price at the time of issue and taking into account the interests of the Company and the shareholders.

Authorisation for a facilitated exclusion of subscription rights

When excluding the subscription right and if the capital increase against contributions in cash does not exceed 10% of the share capital and the issue price does not remain essentially below the stock exchange price of the shares, the asset-related interests and the voting right interests of the shareholders are adequately preserved on the basis of Section 186 para. 3 sentence 4 German Stock Corporation Act, as there is a link to the stock exchange price and the authorisation is restricted to a maximum of 10% of the share capital of the Company. Included are shares that were acquired during the term of this authorisation up to the time of its utilisation on the basis of an authorisation of the Annual General Meeting to acquire own shares pursuant to Section 71 para. 1 no. 8 German Stock Corporation Act and shares that were sold for cash excluding subscription rights pursuant to Section 186 para. 3 sentence 4 German Stock Corporation Act, as well as shares issued or to be issued to service bonds with conversion or option rights (or conversion obligations) if these were issued excluding shareholders' subscription rights in corresponding application of Section 186 para. 3 sentence 4 German Stock Corporation Act. However, the subscription right shall only be excluded to the extent that the shares cannot be issued to the holders of bonds with conversion or option rights (or conversion obligations) from a conditional capital.

Authorisation to exclude subscription rights to prevent dilution of convertible bonds

Finally, the Management Board shall be authorised, with the consent of the Supervisory Board, to exclude subscription rights to the extent necessary to grant holders of convertible bonds and/or bonds with warrants still to be issued subscription rights to the extent to which they would be entitled as shareholders after exercising their conversion or option rights within the scope of dilution protection. In this way it can be avoided that in the event of a capital increase carried out during the term of the convertible and/or option bonds in respect of which the shareholders are granted a subscription right, the conversion and/or option price has to be reduced according to the provisions which are usually provided for in the bond terms and conditions for dilution protection.

According to the authorisation, the sum of shares issued under the exclusion of subscription rights of the shareholders against cash contributions may not exceed 10% of the share capital at the time this authorisation takes effect or – if this value is lower – at the time of its exercise.

Overall, the Management Board and Supervisory Board are convinced that the advantages described, justify the proposed exclusion of subscription rights.

In each individual case, the Management Board will carefully examine whether it will make use of the authorisation to increase the share capital while excluding shareholders' subscription rights. It will only do so if, in the opinion of the Management Board and the Supervisory Board, it is in the interest of the Company and thus of its shareholders. The Management Board will report to the shareholders at the Annual General Meeting on any utilization of the Authorised Capital 2019/I.

2. Report of the Management Board to the Annual General Meeting on agenda item 6

The Management Board submits the following report in connection with the intended creation of conditional capital:

The Stock Option Plan 2019 is intended to secure the long-term compensation for members of the Management Board, members of the management of the Company's affiliated companies and executives of the Company.

The beneficiaries of the Stock Option Plan 2019 are divided into three groups: (i) members of the Management Board of the Company, (ii) members of the management of affiliated companies and (iii) executives of the Company. The members of the Management Board include the members of the Management Board of DEAG. The members of the management of affiliated companies include the respective managing directors of the subsidiaries of DEAG. The third group of executives of the Company comprises the divisional management and the executive employees of DEAG.

According to modern standards, share-price-based compensation is an important component of compensation systems and is widely used internationally. The issue of stock options is a form of share-price-based remuneration that has the considerable advantage of being liquidity saving thus enabling the Company to generate higher returns on investment. Share-price-based compensation systems help to align the interests of shareholders with those of management, employees and affiliated companies. This is because an increase in the price level of the Company's shares leads both to an advantage for the shareholders and to an advantage for those entitled under the stock option plan. Any dilution of shareholder rights is offset by the fact that the subscription rights can only be exercised by the beneficiaries if the performance target is achieved. The subscription rights can only be exercised if the Performance Target has been achieved within a period of six weeks prior to the respective exercise.

The Performance Target is achieved if the closing price of the Company's share in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange reaches or exceeds on ten consecutive trading days the respective exercise price as determined in the respective stock option plan for the individual tranches. The achievement of the Performance Target is equivalent to a substantial increase in the value of the Company's shares. The issuing of stock options increases the possibility for the Supervisory Board and the Management Board to create for the beneficiaries, i.e. members of the Management Board, members of the management of affiliated companies and employees of the Company a binding link to the Company in the long-run and to motivate them to pursue a business policy which is in line with the interests of the shareholders.

Under the Stock Option Plan 2019, the minimum exercise price for the respective Tranche is at least:

- for Tranche I: EUR 6.00
- for Tranche II: EUR 6.50
- for Tranche III: EUR 7.00.

This ensures that occasional fluctuations in share prices do neither unduly influence the exercise price positively nor negatively. The waiting period of at least four years is provided for by law and is considered appropriate by the Management Board and Supervisory Board in order to ensure that the Company's long-term and sustainable development is taken into account. The option rights can only be issued until 31 December 2022, so that shareholders can see at the latest after three years how many subscription rights have been issued under the agreed conditions. The subscription rights must be exercised within three years of expiry of the respective waiting period.

The report will be made available for the shareholders from the date on which the Annual General Meeting is taking place at:

www.deag.de

-> Investor Relations -> Annual General Meeting -> 2019.

III. Total number of shares and voting rights

On the day of convocation of this Annual General Meeting, the share capital of the Company amounts to EUR 19,054,556.00, subdivided into 19,054,556 no-par value bearer shares. Every no-par value share entitles the holder to one vote. Therefore, the total number of voting rights amounts to 19,054,556 voting rights.

The Company does not have any voting rights based on its treasury shares. At the time of convocation of the Annual General Meeting, the Company holds 615 treasury shares. Therefore, the total number of eligible shares to participate and vote amounts to 19,053,941 shares at the time of convocation.

IV. Terms and conditions of participation

In accordance with Article 16 of the Articles of Association of the Company, shareholders are entitled to participate in the Annual General Meeting and exercise their voting rights if they have registered with proof of their share ownership issued by a depositary in German or English in text form (Section 126b German Civil Code (BGB)) with the following registrar:

DEAG Deutsche Entertainment Aktiengesellschaft
c/o Link Market Services GmbH
Landshuter Allee 10
80637 Munich
Fax No.: +49 89 21027 289
Email: inhaberaktien@linkmarketservices.de

In case that shares not held in a securities depositary managed by a bank or a custodial financial services institution at the relevant time, certification of share ownership may be provided by the Corporation or by a notary, by a central depositary of securities or another bank or financial services institution. The registration must be submitted to the aforementioned registrar of DEAG at least six days before the date of the Annual General Meeting, not counting the day of the Annual General Meeting itself and the day of receipt of the registration, i.e. no later than by the end of 20 June 2019, 00:00 hrs (CEST).

In accordance with the statutory provisions, the proof of share ownership must refer to the beginning of the 21st day before the Annual General Meeting (Record Date), i.e. 6 June 2019, 00:00 hrs (CEST) and must be submitted in German and English in text form (Section 126b German Civil Code).

The entitlement to participate and the scope of the voting rights shall be governed solely by the number of shares held by a shareholder on the Record Date. The Record Date does not constitute the beginning of a Lock-up Period preventing the sale of shares. Even if the shares are sold as a whole or in part after the Record Date, the entitlement to participate and the scope of the voting rights shall be governed solely by the number of shares held by the shareholder on the Record Date. This shall apply *mutatis mutandis* for any acquisition after the Record Date. Persons who do not yet own any shares on the Record Date and become shareholders only later are only entitled to participate and vote in respect of the shares held by them, if they obtain a power of attorney or an authorisation to exercise such right from the previous shareholder.

Once their registration with proof of share ownership has been made, the shareholders shall receive an admission ticket. Unlike registration for the Annual General Meeting, an admission ticket is issued merely for organisational purposes and is not a prerequisite for attending the Annual General Meeting or exercising the voting right. As a rule, the depositaries complete the necessary registration and transmit the proof of share ownership for their customers. Therefore, shareholders are advised to contact their depositaries as soon as possible and to order admission tickets for the Annual General Meeting at the same time. The necessary registration and the proof of share ownership will then be performed directly by the depositary. Therefore, shareholders who have requested admission tickets from their depositaries in due time do not have to initiate any other procedure.

Proxy representation of voting rights

Shareholders who are eligible to participate and vote can also have their voting and other rights exercised at the Annual General Meeting through a proxy, including a bank or an association of shareholders. If a shareholder authorises more than one person, the Company may reject one or more of them. Shareholders who are present or represented at the Annual General Meeting may also grant a power of attorney to other shareholders or representatives of shareholders attending or to proxies nominated by DEAG.

The issue of the power of attorney and its revocation as well as the proof of the same vis-à-vis DEAG require the text form (Section 126b German Civil Code). If a power of attorney is issued to banks, associations of shareholders or persons of the same status in accordance with Section 135 para. 8 AktG or Sections 135 para. 10 in conjunction with Section 125 para. 5 German Stock Corporation Act, special conditions may have to be complied with which must be clarified with the respective proxy. If you wish to grant a power of attorney to a bank, an association of shareholders or persons of the same status in accordance with Section 135 para. 8 German Stock Corporation Act or Sections 135 para. 10 in conjunction with Section 125 para. 5 German Stock Corporation Act, please coordinate the necessary procedures with such institutions or persons.

A form for authorising third parties is provided on the back of the admission ticket or can be sent to shareholders separately on request by the registrar of DEAG. A proxy form for granting a power of attorney to third parties is also available at:

www.deag.de

-> Investor Relations -> Annual General Meeting -> 2019. Shareholders are not obliged to use the form made available by DEAG.

Proof of authorisation may be presented at the admission control on the day of the Annual General Meeting or by prior transmission of the proof of authorisation and/or the proxy itself by mail, fax or email to the address, fax number or email address referred to under "Terms and conditions of

participation”. The revocation of a proxy already issued can likewise be declared in accordance with the above-mentioned procedures directly to the Company or by personal participation in the Annual General Meeting. Proof of an authorisation issued at/or during the Annual General Meeting may be submitted by the shareholder presenting the proof at the exit control. The personal participation of a shareholder in the Annual General Meeting automatically constitutes revocation of any power of attorney previously granted to a third party.

Proxies designated by DEAG Deutsche Entertainment Aktiengesellschaft

DEAG would like to make it easier for its shareholders entitled to participate and vote to personally exercise their rights and offers to authorise proxies bound by instructions designated by DEAG already prior to the Annual General Meeting. The shareholders who are eligible to participate and vote and who would like to issue a power of attorney to the proxies designated by DEAG must have registered in due time. They will receive an admission ticket for the Annual General Meeting. In order to ensure receipt of the admission ticket in due time, the depositary should receive the orders as soon as possible. The proxies will exercise the voting rights of the shareholders in accordance with the express instructions given to them in respect of the individual agenda items.

With the admission ticket, on request also separately by application to the registrar of DEAG referred to above under “Terms and conditions of participation”, the shareholders will receive a form to issue a power of attorney to the proxies of the Company and to issue instructions for the latter concerning the different agenda items. The power of attorney and the instructions to the proxies designated by DEAG can be issued and given by way of text form (Section 126b German Civil Code) by mail, fax or email to the address, fax number or email address mentioned under “Terms and conditions of participation” above.

DEAG will retain the power of attorney in verifiable form for a period of three years. If the proxies designated by DEAG are authorised, they must be given instructions on the exercise of the voting right at any rate. Without such instructions, the power of attorney is invalid. The proxies are obliged to vote in accordance with their instructions.

If the proxies designated by the Company receive the power of attorney and instructions through different forms of transmission, they will be taken into account in the following order: powers of attorney with instructions received by email, fax and finally in paper form. If powers of attorney are not properly issued, the proxies designated by the Company will not represent the votes in the Annual General Meeting. If instructions are not correctly formulated or not clearly issued, the proxies bound by instructions will abstain and / or not participate in the vote depending on the voting procedure. The proxies may not exercise the voting right to vote on motions not known prior to the Annual General Meeting (e.g. procedural motions). Depending on the voting procedure, the proxies bound by instructions will abstain in such instances or will not participate in the vote. This applies mutatis mutandis to votes on a counter-motion. The proxies designated by the Company may not be instructed to make any objections or submit motions or ask questions. In the event of an individual vote on an agenda item, any instructions issued for that item as a whole will apply to each sub-item without any individual additional information.

Moreover, shareholders or representatives of shareholders who register in due form and time and who attend the Annual General Meeting may also authorise the proxies designated by the Company to exercise their voting rights at the Annual General Meeting until the end of the general debate. Further details on the participation in the Annual General Meeting as well as the issuing of powers of attorney and instructions will be made available to the shareholders together with the admission ticket. A form for granting a power of attorney and giving instructions to the designated proxies of the Company is also available at:

www.deag.de

-> Investor Relations -> Annual General Meeting -> 2019.

V. Shareholders' rights

Motions and election proposals of shareholders in accordance with Sections 126 para. 1 and 127 German Stock Corporation Act

Shareholders may submit countermotions to DEAG in respect of a proposal by the Management Board and / or Supervisory Board relating to a specific agenda item, and submit election proposals. Countermotions (Section 126 German Stock Corporation Act) and election proposals (Section 127 German Stock Corporation Act) by shareholders in respect of a specific agenda item must be sent to the following address:

DEAG Deutsche Entertainment Aktiengesellschaft
FAO Mr Daniel Rothhammer
Potsdamer Strasse 58
10785 Berlin
Fax No.: +49 30 81075 619
Email: hauptversammlung@deag.de

Countermotions sent to a different address will not be considered. Countermotions submitted no later than by the end of 12 June 2019, 24:00 hours (CEST) to the aforementioned address are made immediately available subject to Section 126 paras. 2 and 3 German Stock Corporation Act including the name of the shareholder and a possible statement of reasons to all shareholders on the internet at:

www.deag.de

-> Investor Relations -> Annual General Meeting -> 2019. Any comments by the Company's management will likewise be published under the above-mentioned internet address. A countermotion and its possible statement of reasons do not have to be made available under the conditions of Section 126 para. 2 sentence 1 German Stock Corporation Act; the statement of reasons of a countermotion in accordance with Section 126 para. 2 sentence 2 German Stock Corporation Act does not have to be made available if it exceeds a total of 5,000 characters.

Motions to supplement the agenda pursuant to Section 122 para. 2 in conjunction with Section 124 para. 1 sentence 2 German Stock Corporation Act

Shareholders whose shares amount to one-twentieth of the share capital or reach the proportionate amount of EUR 500,000.00 may demand that items be added to the agenda and published. The request must be submitted in writing to the Management Board of DEAG and must be received by DEAG no later than by the end of 27 May 2019, 24:00 hours (CEST). A corresponding request must be sent to the following address:

DEAG Deutsche Entertainment Aktiengesellschaft
Management Board
Potsdamer Strasse 58
10785 Berlin

Requests to supplement the agenda will not be considered if they arrive later or are sent to a different address. Requests must be signed by all shareholders who together account for one-twentieth of the share capital or reach the proportionate amount of EUR 500,000.00. Each new agenda item must be accompanied by a statement of reasons or a draft motion. The applicants must prove that they are holders of a sufficient number of shares for the duration of the statutory minimum ownership time of 90 days before the day of receipt of the request and hold such shares until the decision about the request

(Sections 122 para. 2, 122 para. 1 sentence 3 German Stock Corporation Act as well as Section 70 German Stock Corporation Act).

Right to information in accordance with Section 131 para. 1 German Stock Corporation Act

At the Annual General Meeting, every shareholder or representative of shareholders may request that the Management Board provides information about matters relating to DEAG if this is needed to enable a proper assessment of the subject matter on the agenda. The duty to provide information also includes the legal and business relations of DEAG with an affiliated company insofar as the information is necessary to enable a proper assessment of the subject matter on the agenda. All requests for information at the Annual General Meeting must be submitted orally during the discussion. Under certain circumstances, specified in more detail in Section 131 para. 3 German Stock Corporation Act, the Management Board may refuse to provide information, e.g. if providing such information would cause DEAG or an affiliated company considerable damage based on a reasonable commercial assessment.

Further explanations

Further explanations relating to the aforementioned rights of shareholders in accordance with Sections 122 para. 2, 126 para. 1, 127 and 131 para. 1 German Stock Corporation Act, can be found on the Company's website at

www.deag.de

-> Investor Relations -> Annual General Meeting -> 2019.

VI. Documents for the Annual General Meeting and information in accordance with Section 124a German Stock Corporation Act

This convocation of the Annual General Meeting, the documents to be made available, motions and proposals by shareholders as well as further information in accordance with Section 124a German Stock Corporation Act will be available from the day of this convocation on the website of DEAG at:

www.deag.de

-> Investor Relations -> Annual General Meeting -> 2019 and may be downloaded on request. All documents to be made available by law to the Annual General Meeting will be available for inspection at the Annual General Meeting.

VII. Transmission of information according to Section 125 German Stock Corporation Act

In accordance with Article 15 para. 5 of the Articles of Association of the Company, the right of shareholders to have the information in accordance with Section 125 German Stock Corporation Act transmitted is limited to electronic transmission. If a bank is not able to transmit the information in accordance with Section 125 German Stock Corporation Act electronically to the shareholders, the Management Board has decided to have such information also communicated in conventional printed paper form.

VIII. Data privacy information

With the following information we inform you about the collection and processing of your personal data by DEAG Deutsche Entertainment Aktiengesellschaft ("**Company**"), and the rights to which you are entitled in accordance with data privacy law, and, more particularly, the General Data Protection Regulation (GDPR).

Controller for the processing of your personal data:

DEAG Deutsche Entertainment Aktiengesellschaft
Potsdamer Strasse 58
10785 Berlin

Purpose and legal basis for the processing of your personal data and origin of these data:

The protection of your personal data is important for us. The processing of your personal data is carried out exclusively within the framework of the relevant legal provisions and, more particularly, the EU General Data Protection Regulation (GDPR), the Federal German Data Protection Act (BDSG), the German Stock Corporation Act (AktG) as well as all other relevant legal provisions. Shares of the Company are bearer shares. Insofar as your personal data have not been transmitted to us by your depositary bank, we collect those at your registration for the Annual General Meeting or for the vote by correspondence as well as at the ordering of the admission tickets and/or the issuing of powers of attorney. The personal data include your name, address, email address, number of shares, class of shares, type of possession of the shares and number of the admission ticket as well as, possibly, the name and address of an empowered shareholder representative.

We use your personal data for the purposes stipulated in the Stock Corporation Act. These purposes are, more particularly, communication with you as a shareholder and the execution of the Annual General Meeting. The legal basis for the processing of your personal data is the Stock Corporation Act in conjunction with Article 6 para. 1c) GDPR. Moreover, we process your personal data possibly also to meet other statutory obligations, such as provisions under supervisory law, obligations to preserve information under Stock Corporation, commercial and fiscal law. In order to be in conformity with provisions under Stock Corporation Law, we must, for instance, determine in a verifiable manner at the empowerment of the proxies designated by the Company for the Annual General Meeting the data which serve as evidence for the empowerment and keep them for a period of three years with protection against access (Section 134 para. 3 sentence 5 German Stock Corporation Act). The legal basis for the processing is in this case the corresponding legal provisions in conjunction with Article 6 para. 1c) GDPR. Moreover, we use your data only to the extent that you have given us your consent (e.g. to use electronic communication means) or if the processing serves the safeguarding of justified interests of the Company (more particularly the preparation of statistics, e.g. for the representation of the shareholder development, the number of transactions and an overview of the largest shareholders). The legal basis for the processing of your personal data is in these cases Article 6 para. 1a) and f) GDPR. If we intend to process your personal data for a purpose not specified herein before, we will inform you in advance within the framework of the statutory provisions.

Categories of recipients of your personal data:

- External Service Providers:

For the conduct of the Annual General Meetings, we partly use external service providers (e.g. AGM service providers). Our external service providers process your personal data exclusively on our behalf and according to our instructions and are contractually bound by the applicable data privacy law in conformity with Article 28 para. 3 GDPR.

- Other Recipients:

Moreover, we can transmit your personal data to other recipients such as public authorities to fulfil statutory duties of information (e.g., when statutory voting right thresholds are exceeded).

Storage periods:

We erase your personal data as soon as they are no longer necessary for the aforementioned purposes. In this connection, it can happen that personal data are stored for the period during which claims can be asserted against our Company (statutory period of limitation of three to 30 years). Moreover, we store your personal data to the extent that we are legally obliged to do so. Corresponding demonstration and retention obligations result, amongst other things, from the Stock Corporation Act, the Commercial Code, the Tax Code and the Money Laundering Act. The storing periods amount to up to ten years according to these provisions.

Your rights as data subject:

You have the right to demand information about the data stored on your person. Moreover, you may demand under certain circumstances a rectification or erasure of your data as well as a restriction of processing. Furthermore, you have the right under certain circumstances to oppose the processing of your data or to demand that specific personal data be transmitted to you or a third party. Any consent granted in respect of the processing of your personal data can be revoked at any time by you. For the exercise of these rights, please contact the aforementioned address.

Data protection officer and right to lodge a complaint:

You can reach our data protection officer under the following address:

**DEAG Deutsche Entertainment Aktiengesellschaft
Mr Hendrik Schisler
Potsdamer Str. 58
10785 Berlin, Germany**

You have the right to complain vis-a-vis a supervisory authority about the processing of your data by the Company. The Data Supervisory Authority in charge at the registered office of the Company is:

**Berlin Commissioner for Data Privacy and Freedom of Information
Friedrichstrasse 219
10969 Berlin, Germany
Email: mailbox@datenschutz-berlin.de**

Berlin, May 2019

DEAG Deutsche Entertainment Aktiengesellschaft
The Management Board