

## **Explanatory notes to the agenda of the extraordinary general meeting of shareholders (EGM) of RNTS Media N.V. (the Company) of 11 April 2017**

### **Agenda item 2**

#### **Proposal to amend the articles of association of the Company**

##### *(a) Amendment 1*

This item will be voted on.

It is proposed to amend the articles of association of the Company for the purpose of changing the official name of the Company to *Fyber N.V.*

At the 2016 AGM, the general meeting approved that the articles of association of the Company would be amended in connection to a rebranding of the Group, among other things, by adopting the *Fyber* brand at the level of the listed holding entity. It was approved to change the statutory name of the holding company to *Fyber N.V.* by an amendment of the articles of association of the Company. In the explanatory notes, it was stated that the deed of amendment of the articles of association of the Company would not be executed until after the settlement of the last tranche of the put option that was granted to the sellers of the *Fyber* shares as part of the acquisition of *Fyber* by the Company (reference is made to page 114 of the listing prospectus that is available via the website of the Company ([www.rntsmidia.com/prospectus/](http://www.rntsmidia.com/prospectus/))).

Because of the fact that, at the time of the convocation of this EGM, the last tranche of the put option has not yet been settled whereas the rebranding is envisaged to take place in Q2 of the financial year 2017, the general meeting will be requested to approve that the articles of association will be amended simultaneously with the rebranding and therefore irrespective of the closing of the put option, whereby the exact moment of implementation of the rebranding (and therefore the execution of the deed of amendment) will be decided by the management board.

##### *(b) Amendment 2*

This item will be voted on.

It is proposed to further amend the articles of association of the Company for the purpose of changing the form of the shares from bearer shares to registered shares.

From the perspective of the Company, physical bearer shares represent a greater administrative burden compared to registered shares. Also the general concept of bearer shares has come under increased scrutiny of policy makers in connection to the possible misuse of bearer shares (see among other things recommendation 24 of the Financial Action Task Force ([www.fatf-gafi.org](http://www.fatf-gafi.org))). For these reasons the Company intends to join an ever increasing number of listed companies in the process of complete dematerialisation of the Company's share capital by converting the Company's shares from bearer shares into registered shares. The bearer shares are currently embodied in three global bearer share

certificates which will be cancelled upon the conversion and per which moment a new registered share certificate will be issued to Clearstream Frankfurt. Clearstream Frankfurt will be registered as the Company's shareholder in its register of shareholders. Since the Company's shares are listed and traded via the German giro system, the conversion will not affect the rights or obligations of the shareholders nor will it affect the share trade.

*(c) Amendment 3*

This item will be voted on.

It is proposed to further amend the articles of association of the Company for the purpose of allowing new shares to be issued at the expense of the reserves of the Company to participants in the Stock Option Plan.

As is explained below under agenda item 3, it is proposed to amend the Stock Option Plan to facilitate a so-called cashless exercise of stock options by participants in the Stock Option Plan.

To enable the Company to issue shares to the participants in the Stock Option Plan without the participants having to pay up these shares, the articles of association of the Company will provide that these shares may be issued expense of the reserves of the Company.

The proposals under 2(a) through 2(c) also include the authorisation of each member of the management board and each civil-law notary (and deputy civil-law notary), paralegal and notarial assistant at Allen & Overy LLP, Attorneys at Law, Civil-Law Notaries and Tax Consultants, in Amsterdam, the Netherlands to have the notarial deeds of amendment of the articles of association executed.

**Agenda item 3**

*Proposal to approve the Stock Option Plan*

This item will be voted on.

In accordance with its remuneration policy, the Company uses a stock option programme for the purpose of awarding, retaining and attracting talented employees, service providers and executives. The management board and the supervisory board are of the opinion that share-based incentives increase commitment and motivation on the part of participants in the plan and therefore benefit the Company and create shareholder value.

The share award programme for members of the management board and employees in the form of the Stock Option Plan was approved by the general meeting at the extraordinary general meeting of shareholders held on 1 April 2015.

The Stock Option Plan (which, for the avoidance of doubt, includes the Israeli subplan) was most recently amended in the 2016 AGM to accommodate the increase in the number of persons who are eligible to participate in the Stock Option Plan, as a consequence of not only organic growth of the

Company but also because of the recent acquisitions of Falk, Heyzap and Inneractive. Reference is made to the explanatory notes to agenda item 6 of the 2016 AGM.

As the Company considers the attractiveness of its stock option programme a key element of its employee and executive award proposition – and therefore for its further growth – the programme and the Stock Option Plan are periodically assessed and evaluated. From recent evaluations it became apparent that the way in which the programme is currently structured undermines the programme's attractiveness and therefore its purpose. This is a consequence of the fact that participants are required to pay the issue price for the new shares that are issued under the programme and must therefore have the resources required to pay up the issue price of the new shares (i.e. the strike price). Following a study of alternative exercise mechanisms, the supervisory board, upon recommendation of the remuneration committee, decided that the plan should allow for a so-called cashless exercise mechanism.

Cashless exercise describes a mechanism whereby the value of the award is based on the number of options (**N**), the strike price of the stock option (**SP**) and the share price at the time of the exercise (**FMV**). The value of the award is then paid to the option holder in the form of shares in the capital of the Company whereby the number of shares that are awarded (**S**) will depend on the price for which shares are traded at the exercise date.

The number of shares to which the participant will be entitled can therefore be calculated by using the following formula:

$$S = \frac{N \cdot (FMV - SP)}{FMV}$$

The nominal value of the shares (S) that are issued to the participants is paid at the expense of the reserves of the Company. The general meeting will be requested to resolve on the required amendment of the articles of association under agenda item 2(b) of the agenda for this EGM.

The plan provides for a sell-to-cover mechanism whereby part of the share award can be sold in the market on behalf of the participant to cover the participant's personal taxes that are payable in connection with the award.

Since the Stock Option Plan contains the terms and conditions of the share based remuneration for members of the management board, it will be submitted for approval by the general meeting in accordance with Section 2:135 paragraph 5 of the Dutch Civil Code. The revised Stock Option Plan is available as part of the "EGM 2017 Annexes to Notice and Agenda" on the Company website (<http://www.rntsmidia.com/agm-egm/>).

#### **Agenda item 4**

##### **Supervisory Board**

(a) *Changes to supervisory board profile*

This is a discussion item.

Following the nomination of three new members by the supervisory board and the subsequent appointment of these members by the general meeting at the 2016 AGM, the supervisory board consisted of six members. The supervisory board strives to maintain such numerical composition as it not only benefits the overall expertise of the supervisory board but it allows different views and expertise to contribute to the decision making process which stimulates critical and well-balanced supervision by the supervisory board and therefore benefits the Company and its stakeholders.

In accordance with article 2.1 of its by-laws, the supervisory board resolved on 13 February 2017 that it shall be composed of six members.

The supervisory board considered that, although its six member configuration has been effective since the 2016 AGM and has been approved by the boards and the general meeting, this was not yet reflected in the by-laws of the supervisory board and the supervisory board profile which consequently needed to be updated accordingly.

*(b) Proposal to determine the remuneration for the members of the supervisory board*

This item will be voted on.

On 1 April 2015 the general meeting of the Company approved that, with effect from 1 January 2015, each of the members of the supervisory board is entitled to an annual remuneration of USD 100,000 or less at the discretion of the supervisory board.

On 12 August 2015 the shares in the capital of the Company were admitted to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations of the Frankfurt Stock Exchange (**Prime Standard**). As a consequence of the listing on a premium market, the tasks and responsibilities of the supervisory board substantially increased. This required changes to be made to the supervisory board both in respect of its size and composition. These changes were effected in the course of the financial year 2016 by the appointment of three independent members of the supervisory board and the establishment of the supervisory board committees. For the chairman of the supervisory board, the more pronounced role of the supervisory board in the areas of, among other things, governance and risk management resulted in an increase in tasks and responsibilities.

It is proposed that, effective from 1 January 2017, the annual remuneration of the chairman of the supervisory board will be EUR 200,000.

The annual remuneration for all other members of the supervisory board will be EUR 100,000. The remuneration can be adjusted downwards at the discretion of the supervisory board.

It is noted that, directors will be remunerated in EUR instead of USD. To the extent this resulted in an increase in remuneration as a consequence of the applied exchange ratio this agenda item includes the approval of such increase as a consequence of the change in currency. The Company deems such a

change sensible since the Company reports in euro in its annual accounts and since rewards of directors of many of the companies that are currently regarded as the Company's main peer group are euro denominated which makes it easier to come to a transparent comparison of, among other things, the reward structure within this group of companies.

The actual payment of the supervisory board remuneration for the financial year 2015 took place at the same time as the remuneration for the first half of 2016 in the form of lump sum payments of USD 150,000 to each of the three members of the supervisory board who were in office for the duration of this entire period. From 1 July 2016 onwards payment of the remuneration will also be effected in quarterly instalments (payable at the start of every quarter) during the financial year to which the remuneration relates.

The award of the 2015 remuneration for members of the supervisory board was not reflected in the 2015 accounts. The management board and supervisory board are of the opinion that such information does not result in the accounts to materially fail in providing the necessary insight (*ernstige mate tekort schieten in het geven van inzicht*) as referred to in Section 2:362 paragraph 6 of the Dutch Civil Code.

Approval of this proposal also includes the approval of the remuneration offered to Mr Yaron Valler who has been designated as interim member of the supervisory board by the supervisory board following the resignation of Mr Kavanaugh (reference is made to the press release published by the Company on 13 February 2017). Since Mr Valler will be performing the tasks and duties of a member of the supervisory board Mr Valler will be awarded on equal terms as the members of the supervisory board, effective as of the date of his appointment.

(c) *Proposal to approve the award of increased compensation to the chairman for duties performed in the financial year 2016*

This item will be voted on.

As explained under agenda item 4(b) the change in the Company's profile to a company with shares listed on the regulated market as of 2015 resulted in a significant increase in the duties and responsibilities of the supervisory directors compared to previous year. This especially applied to the chairman who is first point of contact and actively involved in numerous company matters, including the 2016 tap issue of senior, unsecured convertible bonds.

Consequently, the involvement and responsibilities of the chairman exceed the scope of work of other members of the supervisory board, and has done so since upgrading the listing to the Frankfurt Stock Exchange in August 2015. It is therefore that, as an acknowledgement of these services, the supervisory board, upon the proposal of the remuneration committee, proposes to apply the revised remuneration of the chairman as referred to in agenda item 4(b) to Mr Van Daele retroactively as per 1 January 2016.

Approval of this proposal results in the one-off additional award for the chairman of EUR 100,000 to reflect such retroactive increase in remuneration.

It is noted that Mr Van Daele did not participate in the decision making process within the supervisory board in connection to this agenda item.

#### **Agenda item 5**

*Proposal to appoint the external auditor for the audit of the Annual Accounts 2016 and the Annual Accounts 2017*

This item will be voted on.

No agreement was reached between the Company and Ernst & Young Accountants LLP about the engagement for the audit of the Annual Accounts 2016.

As soon as it became apparent that no agreement could be reached with Ernst & Young Accountants LLP, the audit committee, with close involvement of the CFO, approached other accountant firms for the audit of the Annual Accounts 2016.

The appointment of the external auditor would also apply to the audit of the Annual Accounts 2017. The resolution to appoint an external auditor therefore constitutes a revocation of the resolutions by the general meeting to appoint an external auditor for the fiscal year 2016 that were adopted at 2015 AGM and the 2016 AGM respectively.

Upon recommendation by the audit committee, the supervisory board proposes to instruct Grant Thornton Accountants en Adviseurs B.V. to audit the Annual Accounts 2016 and the Annual Accounts 2017. When making its recommendation to the supervisory board, the audit committee in its accompanying proposal to the supervisory board has chosen Grant Thornton from the very select group of audit firms that have the required expertise of performing audits on Dutch listed companies with international operations.

An update on the status of the preparation and audit of the Annual Accounts 2016 will be provided under this agenda item. As announced in its engagement letter of 9 February 2017, Grant Thornton indicated that it will start its audit as a new auditor to the Company only following the formal appointment as the Company's auditor by the general meeting. Due to this late appointment it will not have completed its audit by the end of April 2017. Consequently, the Company will not be able to meet certain filing deadlines imposed by applicable regulations under Dutch and German laws. The Company expects the auditor to be able to complete its audit of the Annual Accounts 2016 around July 2017, in which case the Annual Accounts 2016 can be submitted for approval to the general meeting at the 2017 AGM following such date.