



# NOTICE OF AN EXTRAORDINARY GENERAL MEETING IN EVOLUTION AB (PUBL)

**Evolution AB (publ), 556994-5792, holds an extraordinary general meeting on 16 February 2023 at 14.00 (CET) on Strandvägen 7A in Stockholm, Sweden. Entry and registration begin at 13.30 (CET).**

The board of directors has, pursuant to Chapter 7, Section 4 a of the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the company's articles of association, decided that shareholders shall be able to exercise their voting rights by post prior to the general meeting. Accordingly, shareholders may choose to participate in the general meeting in person, by proxy or through postal voting.

## EXERCISE OF VOTING RIGHTS AT THE GENERAL MEETING

Shareholders who wish to exercise their voting rights at the general meeting must:

- be entered as a shareholder in the share register kept by Euroclear Sweden AB ("**Euroclear**") on 8 February 2023 or, if the shares are registered in the name of a nominee, request from the nominee that the shares are registered in the shareholder's own name for voting purposes in such time that the registration is completed not later than on 10 February 2023; and
- give notice of participation to the company in accordance with the instructions set out in the section "*Notice of attendance in person or by proxy*", or submit a postal vote in accordance with the instructions set out in the section "*Instructions for postal voting*", not later than on 10 February 2023.

### Notice of attendance in person or by proxy

Shareholders who wish to attend the general meeting in person or by proxy shall give notice to the company of this either electronically on the company's website ([www.evolution.com](http://www.evolution.com)), by e-mail to [proxy@computershare.se](mailto:proxy@computershare.se), by post to Evolution AB (publ), "Extraordinary General Meeting", c/o Computershare AB, P.O. Box 5267, SE-102 46 Stockholm, Sweden or by telephone on +46 (0)771-24 64 00 on weekdays between 09:00 and 16:00 (CET). The notice of attendance must state the shareholder's name or company name, personal identification number or corporate registration number, address, telephone number and, where applicable, the number of accompanying advisors (not more than two).

Shareholders who do not wish to participate in person or exercise their voting rights by postal voting may exercise their voting rights at the general meeting through a proxy with a written, signed and dated power of attorney. If the power of attorney is issued by a legal entity, a copy of the certificate of registration or an equivalent authorisation document for the legal entity must be enclosed.

In order to facilitate the registration at the general meeting, powers of attorney, certificates of registration and other documents of authority should be received by the company at the address Evolution AB (publ), "Extraordinary General Meeting", c/o Computershare AB, P.O. Box 5267, SE-102 46 Stockholm, Sweden or be sent by email to [proxy@computershare.se](mailto:proxy@computershare.se) not later than on 10 February 2023. Please note that notice of attendance must be given even if a shareholder wishes to exercise its rights at the general meeting through a proxy. A submitted power of attorney is not considered as a notice of attendance. A template proxy form is available on the company's website ([www.evolution.com](http://www.evolution.com)).

### Instructions for postal voting

Shareholders who wish to exercise their voting rights by postal voting must use the postal voting form and follow the instructions that are available on the company's website ([www.evolution.com](http://www.evolution.com)). The postal vote must be received by the company not later than on 10 February 2023. The postal voting form must either be sent by e-mail to [proxy@computershare.se](mailto:proxy@computershare.se), be submitted electronically in accordance with the instructions on the company's website ([www.evolution.com](http://www.evolution.com)) or be sent by post to Evolution AB (publ), "Extraordinary General Meeting", c/o Computershare AB, P.O. Box 5267, SE-102 46 Stockholm, Sweden. If the shareholder is a legal entity, a valid registration certificate or other equivalent authorisation document must be enclosed with the form. The same applies if the shareholder is voting by post through a proxy.

Shareholders who wish to revoke a submitted postal vote and instead exercise their voting rights by attending the general meeting in person or by proxy must notify the secretariat of the general meeting before the general meeting opens.

## **PROCESSING OF PERSONAL DATA**

Personal data obtained from the share register, notices of attendance at the general meeting and information regarding proxies will be used for registration, preparation of the voting list for the general meeting and, where applicable, the minutes of the general meeting.

For more information on how personal data is processed in connection with the general meeting, please refer to the privacy notices that are available on Euroclear's and Computershare AB's websites ([www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf) and [www.computershare.com/se/gm-gdpr#English](http://www.computershare.com/se/gm-gdpr#English)).

## **PROPOSED AGENDA**

1. Opening of the general meeting
2. Election of a chairman of the general meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination of whether the general meeting has been duly convened
7. Resolution on an incentive programme by way of a directed issue of warrants with subsequent transfers to the participants
8. Closing of the general meeting

### **Item 2: Election of a chairman of the general meeting**

The board of directors proposes that Fredrik Palm, a member of the Swedish Bar Association active at Gernandt & Danielsson Advokatbyrå, is elected as chairman of the general meeting or, if he is absent, the person appointed by the board of directors.

### **Item 5: Election of one or two persons to verify the minutes**

The board of directors proposes that Ossian Ekdahl, who represents Första AP-fonden, or, if he is absent, the person appointed by the board of directors, is appointed to, in addition to the chairman, verify the minutes of the general meeting.

### **Item 7: Resolution on an incentive programme by way of a directed issue of warrants with subsequent transfers to the participants**

#### ***The incentive programme in brief***

The board of directors proposes that the general meeting resolves to establish an incentive programme under which the company invites up to 500 persons within the group to acquire warrants in the company. The right to acquire warrants shall be granted to the CEO of the company, members of the senior management and senior key personnel as well as other key personnel within the group (including future members of the senior management, future senior key personnel and other future key personnel within the group). The participants shall also be entitled to, following approval from the company, acquire

warrants through a company which is wholly-owned by such participant. In such event, what is said in relation to participants below shall also apply in respect of such wholly-owned companies. The company's board members shall not be granted any warrants.

The board of directors' proposal entails that the general meeting resolves on (i) the establishment of an incentive programme, (ii) the issuance of not more than 5,000,000 warrants, directed to the company itself, and (iii) approving that the company subsequently transfers the warrants to the participants in the incentive programme.

The rationale for the proposed incentive programme is to create conditions for retaining and recruiting competent personnel to the group, increase the motivation amongst the participants, increase their loyalty to the company and align their interests with that of the company's shareholders as well as promote a personal shareholding and thereby promote shareholder value and the company's long-term value creation capability. Since the warrants are acquired by the participants at market value and require a positive development of the share price of the company, there are no performance criteria for the exercise of the warrants.

### ***Issue of warrants 2023/2026***

The board of directors proposes that the general meeting resolves on an issue of warrants 2023/2026 on the following terms and conditions.

#### ***Number of warrants to be issued***

The company shall issue a maximum of 5,000,000 warrants 2023/2026.

#### ***Subscription right***

The right to subscribe for the warrants shall, with deviation of the shareholders' pre-emption rights, rest with the company itself.

#### ***Reason for deviation from the shareholders' pre-emption rights***

The reason for the deviation from the shareholders' pre-emption rights is to create, by way of an incentive programme, conditions for retaining and recruiting competent personnel to the group, increase the motivation amongst the participants, increase their loyalty to the company and align their interests with that of the company's shareholders as well as promote a personal shareholding and thereby promote shareholder value and the company's long-term value creation capability.

#### ***Subscription period***

The warrants shall be subscribed for on a separate subscription list not later than on 24 February 2023.

#### ***Subscription price and payment***

The warrants shall be issued to the company itself free of charge.

#### ***Terms and conditions of the warrants***

- i. Each warrant shall entitle the holder to subscribe for one new share in the company.
- ii. The subscription price for each new share shall be equal to 130 per cent of the Original Price (as defined below). The "**Original Price**" is equal to the volume-weighted average price of the company's share on Nasdaq Stockholm during the period from and including 2 February 2023 up to and including 15 February 2023. The Original Price and the subscription price calculated in accordance with the above shall be rounded to the nearest SEK 0.10, where SEK 0.05 shall be rounded downwards.
- iii. The warrants may be exercised during the period from and including 20 March 2026 (however not earlier than the day after the publication of the company's interim report for the period January–December 2025) up to and including the date that falls 30 calendar days thereafter. Under the terms and conditions of the warrants, the period during which the warrants may be

exercised may be extended if participants are prevented from exercising their warrants due to applicable laws on insider trading or any equivalents.

- iv. The new shares shall carry rights to dividends for the first time on the record date for dividends that occurs after subscription has been effected.
- v. The complete terms and conditions of the warrants will be made available on the company's website ([www.evolution.com](http://www.evolution.com)) not later than on 26 January 2023. As set forth in the terms and conditions of the warrants, the subscription price and the number of shares that each warrant entitles to subscription of may be re-calculated in certain cases.
- vi. Holders of the warrants shall have the right to, upon subscription of shares by exercise of the warrants, request that an alternative exercise model is applied in accordance with the complete terms and conditions of the warrants. The alternative exercise model entails that participants, who wish so, will not have to pay as high of an amount in cash when subscribing for shares using the warrants, but will instead receive a reduced number of shares. Upon application of the alternative exercise model, (i) the subscription price for each share shall correspond to the quota value of the share and (ii) the warrants shall entitle to a re-calculated lower number of shares (subject to any re-calculation in accordance with the complete terms and conditions of the warrants), which means that the alternative exercise model cannot lead to an increased dilution compared with all warrants being exercised for subscription of shares at the original subscription price. Assuming that the subscription price for subscription of shares by exercise of the warrants is determined at SEK 1,468.5 per share (*i.e.*, corresponding to an Original Price of SEK 1,129.6, which corresponds to the closing price of the company's share on Nasdaq Stockholm on 10 January 2023), the alternative exercise model, if fully applied, would entail the following effects upon subscription of new shares by exercise of all 5,000,000 warrants 2023/2026 if the average price for the company's shares in conjunction with exercise would correspond to the amounts stated below.

*Illustrative example based on an assumed subscription price of SEK 1,468.5 per share*

| <b>The average share price in conjunction with subscription*</b>  | <b>Total number of new shares</b> | <b>Total dilution</b> |
|---|-----------------------------------|-----------------------|
| SEK 1,500   | 105,002                           | 0.05%                 |
| SEK 1,750   | 804,301                           | 0.38%                 |
| SEK 2,000   | 1,328,772                         | 0.62%                 |
| * Pursuant to the complete terms and conditions of the warrants, the average share price shall be calculated based on a period of five trading days following the first day of the application period for subscription of new shares by exercise of the warrants. |                                   |                       |

#### ***Increase in the share capital***

The company's share capital may, upon exercise of all 5,000,000 warrants 2023/2026, increase by EUR 15,027.967203, subject to such re-calculation of the number of shares that each warrant entitles to subscription of that may be made in accordance with the complete terms and conditions of the warrants. If the subscription price exceeds the quota value of the shares, the excess amount shall be allotted to the non-restricted statutory reserve (Sw. *den fria överkursfonden*).

#### ***Authorisation***

The board of directors shall be authorised to extend the subscription period and to make such minor adjustments in the resolution that may be required in connection with the registration of the warrants with the Swedish Companies Registration Office (Sw. *Bolagsverket*).

#### ***Approval of transfer of warrants to participants in the incentive programme***

The board of directors proposes that the general meeting resolves to approve that the company transfers not more than 5,000,000 warrants 2023/2026 to the CEO of the company, members of the senior management, senior key personnel and other key personnel within the group (or retains and later transfers the warrants to such persons) on the following terms and conditions.

#### ***Price and valuation***

The warrants shall be transferred against cash payment. The warrants shall be acquired by the participants at market price, which shall be determined in accordance with the Black & Scholes valuation model. In the valuation, a reduction of the value shall also be made to reflect that the warrants will not be traded on a liquid market. The valuation of the warrants shall be made by Svalner Skatt & Transaktion (“**Svalner**”) or another well-reputed investment bank, accounting firm or financial advisor with valuation expertise.

A preliminary market price for the warrants has, in accordance with a valuation based on the market value of the underlying share of SEK 1,129.6 (corresponding to the closing price of the company’s share on Nasdaq Stockholm on 10 January 2023), been determined to SEK 113.3 per warrant (assuming a subscription price of SEK 1,468.5 per share). Svalner has based its preliminary valuation on the assumptions of a risk-free interest rate of 2.47 per cent, a volatility of 35 per cent and total dividends of SEK 79.6 per share during the period until the warrants can be exercised, and a reduction of the value of each warrant to reflect that the warrants will not be traded on a liquid market has been made.

For each warrant the participant acquires at market price, an additional warrant shall be transferred to the participant free of charge. The warrants transferred free of charge can only be exercised if the warrants acquired at market price are at least held for the period up to and including the first day on which the warrants can be exercised.

#### *Allotment*

The board of directors of the company shall decide on the allotment of warrants in accordance with the following principles.

- i. The CEO of the company may be allotted up to 500,000 warrants, participants of group 1 (up to 50 of members of the senior management and senior key personnel) may be allotted up to 200,000 warrants each and participants of group 2 (up to 450 other key personnel) may be allotted up to 200,000 warrants each (in each case including both warrants acquired at market price and warrants transferred free of charge). However, the maximum number of warrants 2023/2026 that may be allotted shall not exceed 5,000,000 warrants. Members of the company’s board of directors shall not be allotted any warrants.
- ii. Warrants shall be allotted on 10 March 2023 at the latest. Allotment may only take place to the extent that the total number of warrants 2023/2026 allotted under the incentive programme does not exceed 5,000,000 warrants. However, the last day for allotment pursuant to this item (ii) does not apply to non-acquired warrants pursuant to item (iii), warrants which the board of directors has resolved to retain pursuant to item (iv) or which have been repurchased pursuant to item (v).
- iii. If a person who has been allotted a right to acquire warrants does not wish to acquire his or her full share, the non-acquired part of his or her share shall be included in the number of un-allotted warrants, which may be offered to other existing and newly recruited/promoted persons within the groups specified in item (i) above in connection with the initial offer to the participants or at a later date, taking into account the highest number of warrants that may be allotted to participants within each group pursuant to item (i) above.
- iv. The board of directors may in addition to un-allotted warrants referred to in item (iii), resolve to retain a number of un-allotted warrants for newly recruited/promoted persons within the groups specified in item (i) to be allotted at a later date, including after the date set out in item (ii), taking into account the highest number of warrants that may be allotted to participants within each group pursuant to item (i) above.
- v. In connection with the transfer of warrants to the participants, the company shall reserve the right to repurchase warrants if a participant’s employment with the group is terminated or if a participant wishes to transfer his or her warrants. Such repurchased warrants may be allotted again in accordance with items (i), (iii) and (iv) above.

Warrants allotted to participants in accordance with items (iii), (iv) and (v) after the date set out in item (ii) may have a term of less than three years. The board of directors justifies this shorter term due to it being in the company’s interest that newly recruited/promoted persons are given a competitive incentive which aligns their interests with that of the company’s shareholders. Without the possibility to align the incentives of newly recruited/promoted persons with other employees, it will be more difficult for the

company to recruit and promote key personnel which may inhibit the company's talent acquisition and retention and by extension diminish shareholder value and the company's long-term value creation capability.

### ***Dilution effect***

If all 5,000,000 warrants are exercised for subscription of 5,000,000 shares, the dilution effect will be approximately 2.32 per cent (based on the total number of shares in the company as of the date of this notice). Upon full exercise of these 5,000,000 warrants, the 3,708,479 outstanding warrants 2021/2024 which have been transferred to a number of key employees in the group in accordance with a resolution at an extraordinary general meeting in 2021 and the 3,890,050 outstanding warrants 2020/2023 which have been transferred to a number of key employees in the group in accordance with a resolution at an extraordinary general meeting in 2020 (*i.e.*, 12,598,529 warrants in total, which entitle to subscription of 12,598,529 shares in total), the total dilution effect will be approximately 5.86 per cent.

### ***Costs and effects on key ratios***

Warrants transferred to participants under the incentive programme will be accounted for in accordance with IFRS 2 and will be recorded as a personnel expense in the income statement during the years 2023–2026.

Assuming an Original Price of SEK 1,129.6 (corresponding to the closing price of the company's share on Nasdaq Stockholm on 10 January 2023), a subscription price of SEK 1,468.5 and maximum participation, the costs of the incentive programme, including social security costs of approximately EUR 7.6 million, is estimated to be up to approximately EUR 32.9 million. These costs are based on the preliminary market value of the warrants as of 10 January 2023. The preliminary market value of the warrants at the time of the establishment of the incentive programme forms a better basis for the estimation of the future costs than an estimated future market value for the company's shares at an estimated exercise date for the warrants.

The costs will be allocated over the years 2023–2026. These costs can be compared to the company's total personnel expenses, including social security expenses, of approximately EUR 207.2 million in 2021.

If the incentive programme had been established in 2021, subject to the assumptions set out above, the impact on the earnings per share would have been approximately EUR –0.2.

The incentive programme is estimated to entail only limited costs for the company. No measures to secure the incentive programme have been or are planned to be taken.

### ***Preparation of the proposal***

The proposed incentive programme has been prepared by the board of directors and the remuneration committee and has been addressed at board meetings in December 2022 and January 2023.

### ***Majority requirements***

A resolution in accordance with this item 7 is valid only where it is supported by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the general meeting.

## **NUMBER OF SHARES AND VOTES**

As of the date of this notice, the total number of shares and votes in the company is 215,111,115. The company holds 1,905,865 treasury shares as of the date of this notice.

## **SHAREHOLDERS' RIGHTS TO REQUEST INFORMATION**

Shareholders attending the general meeting may request information in accordance with Chapter 7, Section 32 of the Swedish Companies Act.

## **DOCUMENTS**

The complete proposals and other documents that must be made available prior to the general meeting pursuant to the Swedish Companies Act will be made available at the company and on the company's website ([www.evolution.com](http://www.evolution.com)), not later than on 26 January 2023, as well as be sent free of charge to shareholders who so request and provide their name and address.

\* \* \*

Stockholm in January 2023

**Evolution AB (publ)**

*The board of directors*

**For further information, please contact:**

Jacob Kaplan, CFO, [ir@evolution.com](mailto:ir@evolution.com).

Evolution AB (publ) ("Evolution") develops, produces, markets and licenses fully-integrated B2B Online Casino solutions to gaming operators. Since its inception in 2006, Evolution has developed into a leading B2B provider with 600+ operators among its customers. The group currently employs 15,000+ people in studios across Europe and in North America. The parent company is based in Sweden and listed on Nasdaq Stockholm with the ticker EVO. Visit [www.evolution.com](http://www.evolution.com) for more information.

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