

Notice of Annual General Meeting 2019

The shareholders of Nolato AB (publ) are invited to attend Nolato's Annual General Meeting on Wednesday 8 May, 2019, at 4 pm CET in Grevieparken, Grevie, Sweden.

Registration

Shareholders wishing to participate in the Annual General Meeting should both be listed on the register of shareholders maintained by Euroclear Sweden AB on Thursday 2 May, 2019, and should register their intention to attend the meeting with the company no later than 12.00 noon CET on Thursday 2 May, 2019.

Attendees may register in one of the following ways:

- at www.nolato.com/agm
- by phoning +46 431 442290
- by writing to Nolato AB, AGM, 269 04 Torekov, Sweden.

When registering, shareholders should provide the following details:

- name
- address
- phone number
- personal ID or company registration number
- number of shares
- name of any accompanying assistants
- name of any proxy

These details will only be used for the purposes of registering attendance and drawing up a register of voters.

For shareholders who will be represented by a proxy, an original power of attorney should be sent when registering along with, where the party granting power of attorney is a legal entity, proof of registration or other documentation demonstrating the authority of the company signatory.

Shareholders wishing to bring one or two assistants should register their intention to do so before the deadline for shareholder registration.

Shareholders who, through the trust department of a bank or some other manager, have registered their shares in the name of a nominee, must temporarily register the shares in their own name in order to be entitled to participate in the meeting following registration. In order for this registration to be entered in the register of shareholders no later than Thursday 2 May, 2019, shareholders must request re-registration by the manager well in advance of this date.

Proposed agenda

1. Opening of meeting and election of chairman for the meeting.
2. Establishment and approval of register of voters.
3. Approval of agenda.
4. Election of one or two people to verify the minutes.
5. Determination of whether meeting has been duly convened.
6. Presentation of the annual accounts, auditor's report, consolidated accounts, auditor's report of consolidated accounts, auditor's statement and Board's proposed dividend.
7. Address by the President and CEO and any shareholder questions for the Board of Directors and management.
8. Resolutions on:
 - a) adoption of income statement and balance sheet and the consolidated income statement and balance sheet,
 - b) appropriation of profits in accordance with the adopted balance sheet,
 - c) discharging the members of the Board and the President and CEO from liability.
9. Decision regarding number of Board members, deputy Board members, auditors and deputy auditors.
10. Approval of fees payable to the Board of Directors and the auditors.
11. Election of Board members, deputy Board members, Chairman of the Board, auditors and deputy auditors.
12. Resolution on guidelines for remuneration and other terms of employment for senior executives.
13. Resolution on the Nomination Committee ahead of the next Annual General Meeting.
14. Resolution on the establishment of incentive program for top management in the group via
 - a) issue of warrants with deviation from shareholders' preferential rights and
 - b) approval of the transfer of such warrants to top management in the Company and other group companies.
15. Proposal for authorization of the board to resolve on new issues of shares.
16. Any other business.
17. Conclusion of the meeting.

Resolution proposals

Proposal regarding election of a chairman for the meeting

(agenda item 1):

The Nomination Committee, which was formed in accordance with the nomination procedure agreed on at the 2018 Annual General Meeting, representing the company's major shareholders and around 65 % of the total number of votes in the company, has proposed that the Chairman of the Board, Fredrik Arp, be elected chairman of the 2019 Annual General Meeting.

Presentation of the annual accounts

(agenda item 6):

In connection with the presentation of the annual accounts, the Board's work in 2018 will be presented, including an account of the Board's work with auditing matters.

Dividend

(agenda item 8b):

The Board proposes a dividend of SEK 14.00 per share, which constitutes 51 % of profit for 2018 after tax. The proposal is consistent with Nolato's dividend policy, which is to propose a dividend that exceeds 50 % of profit after tax, taking account of Nolato's long-term development opportunities, financial position and investment needs. The Board of Directors proposes to the Annual General Meeting that Friday 10 May, 2019, be set as the dividend record date. If the Annual General Meeting passes a resolution in accordance with the Board's proposal, the dividend is expected to be issued by Euroclear Sweden AB on Wednesday 15 May, 2019.

Election of the Board and auditors and fees payable to the Board and auditors

(agenda items 9–11):

In connection with these items, a presentation of the Nomination Committee's work, function and members will be made.

The Nomination Committee has notified the company that it will recommend the Annual General Meeting resolve:

- that the Board of Directors consist of eight ordinary members and no deputies.
- that there be one auditor and no deputy auditor.
- that, until the next Annual General Meeting, the Board of Directors shall receive fees totalling SEK 2,067,000 (1,883,000), excluding travel allowance, to be distributed as follows among the non-employed members elected by the

Annual General Meeting: SEK 375,000 (310,000) to the Chairman of the Board and SEK 215,000 (200,000) each to the other members. SEK 70,000 (65,000) to the Chairman of the Audit Committee and SEK 47,000 (43,000) to the ordinary member. SEK 70,000 (65,000) to the Chairman of the Remuneration Committee. It shall be possible to invoice the fees, including any social security contributions, provided that it is cost-neutral for the company and in accordance with prevailing tax regulations.

- that the auditor's fee shall be payable as agreed, and that any additional work be remunerated by agreement.
- that all Board members be re-elected: Fredrik Arp, Dag Andersson, Sven Boström-Svensson, Lovisa Hamrin, Åsa Hedin, Henrik Jorlén, Lars-Åke Rydh and Jenny Sjö Dahl.
- that Fredrik Arp be re-elected as Chairman of the Board.
- that registered auditing firm Ernst & Young AB be appointed auditor, with authorised public accountant Joakim Falck as principal auditor until the end of the 2020 Annual General Meeting, in accordance with the Audit Committee's proposal.

By way of information, fees are paid to the Chairman for Board work and certain other services. Fees for Board work amount to SEK 375,000 according to the proposal above and remuneration for other contractually agreed services corresponding to a Board fee totals SEK 150,000. The total cost for Nolato amounts to SEK 525,000 (460,000).

The Board's proposed guidelines for the remuneration of senior executives (agenda item 12):

In connection with the presentation of the Board's proposals, the Board's work in 2018 with remuneration for senior executives will be reported. An account of the work, function and members of the Remuneration Committee will be provided.

The senior executives are the President and CEO and other members of Group management (five people in total). The Board of Directors proposes that the Annual General Meeting ratify the following guidelines for the remuneration of senior executives. The guidelines are essentially consistent with the guidelines applied by the company in 2018.

The Board's proposal mainly involves applying salaries and other terms of employment that are in line with market norms. Remuneration shall consist of a fixed base salary, variable remuneration, pension premiums and other remuneration. Variable remuneration shall be based primarily on fulfilling targets in terms of financial outcomes. Variable remunera-

tion may amount to a maximum of 40% of base salary, and a maximum of 50% for the President and CEO. For the President and CEO and other senior executives, a defined contribution pension plan and a retirement age of 65 shall apply. Total redundancy pay and severance pay may not exceed 24 months' pay for senior executives.

Senior executives also participate in a share warrants programme. An extraordinary general meeting in 2016 resolved on an issue of warrants to Nolato's management, giving the opportunity to acquire warrants at a market price. Those who acquire these warrants are offered a bonus payment corresponding to half of the participant's option premium and the income tax charged on such bonus payment, provided that the participant's employment does not cease before three years have elapsed. The Board proposes that the AGM resolve on a new incentive programme according to agenda item 14. It is largely consistent with the current programme.

The Board has the right to deviate from the above guidelines should the Board deem in special cases that there are specific reasons to justify such action.

Proposal for Nomination Committee (agenda item 13):

The Nomination Committee has notified the company that it will recommend the Annual General Meeting resolves:

1. That the company shall have a Nomination Committee consisting of one representative for each of the five largest shareholders in terms of the number of votes at the end of September. The names of the five shareholder representatives and the names of the shareholders whom they represent shall be made public as soon as they have been appointed, but no later than six months before the 2020 Annual General Meeting.

The Nomination Committee's mandate period shall run until a new Nomination Committee has been elected. Unless the members of the Nomination Committee agree otherwise, the Chairman of the Nomination Committee shall be the member who represents the largest shareholder in terms of number of votes. If a member leaves the Nomination Committee, the shareholder concerned appoints a new member.

2. That the Nomination Committee draw up proposals on the following matters to be presented to the 2020 Annual General Meeting for resolution:

- (a) a proposal for the chairman of the Annual General Meeting,
- (b) proposals for members of the Board,

- (c) a proposal for the Chairman of the Board,
- (d) proposals for auditors,
- (e) proposed fees for members of the Board, as allocated between the Chairman of the Board and other members of the Board,
- (f) proposal for fees for the company's auditors,
- (g) proposals for the Nomination Committee ahead of the 2021 Annual General Meeting.

Proposal of resolution on the establishment of incentive program (agenda item 14):

The board of directors proposes that the Annual General Meeting of Nolato AB (publ) (the "Company") resolves to implement an incentive program through an issue of warrants by the Company to the wholly-owned subsidiary Nolato Incentive AB (the "Incentive Company") which will thereafter transfer 1/3 of the total number of issued warrants of the program each year during three years to top management in the Company and certain subsidiaries on the terms below ("Incentive Program 2019/2024"). The warrant premium, i.e. the price for the warrants, shall be equivalent to the market value.

The reason for the deviation from the shareholders' pre-emptive rights is that the board of directors assess that a personal long term ownership interest for top management is expected to contribute to an increased interest for the Company's business and earnings development. Further, an ownership interest is expected to increase the motivation of the participants and make them feel allied with the Company. In light thereof, the board of directors' assessment is that the offer is advantageous for the Company and its shareholders.

The maximum dilution of Incentive Program 2019/2024, based on the number of shares outstanding in the Company and on full participation, upon exercise of all warrants is approximately 3 percent of the share capital and 1.6 percent of the votes in the Company.

The principles of the warrant program have been prepared by the remuneration committee and board of the Company. The proposal has been prepared with the assistance of external advisors and after consultation with shareholders. The board has thereafter decided to submit this proposal to the Annual General Meeting. Except for the officials who prepared the matter pursuant to instructions from the board, no employee that may be included in the program has taken part in the preparation thereof.

A. Issue of warrants to the Incentive Company

The issue of warrants includes not more than 798,000 warrants of three different series 2019/2022, 2020/2023 and 2021/2024, with 266,000 warrants in each series, entitling for subscription for an equal number of class B shares in the Company. Thus, each warrant entitles to subscription of one (1) class B share in the Company. If all warrants are used for subscription of shares, the Company's registered share capital will increase with no more than SEK 3,990,000. In addition, the following shall apply for the resolution.

With deviation from the shareholders' pre-emptive rights, Nolato Incentive AB, 59082-2614, a wholly-owned subsidiary to the Company shall be entitled to subscribe for the warrants. There can be no over-subscription.

The warrants shall be issued at no consideration.

The subscription for warrants shall be on a separate subscription form, within three weeks of the date of the resolution to issue warrants. The board of directors shall be entitled to extend the subscription period.

Subscription for B-shares at exercise of the warrants can be made according to the following schedule.

1. For warrants of Series 1 (2019/2022) during the period from the 1st of May 2022 until the 15th of December 2022.
2. For warrants of Series 2 (2020/2023) during the period from the 1st of May 2023 until the 15th of December 2023.
3. For warrants of Series 3 (2021/2024) during the period from the 1st of May 2024 until the 15th of December 2024.

Or for certain cases allowing an early exercise according to the terms and conditions.

The new B-shares that may be issued at subscription are not subject to any restrictions.

Warrants held by the Incentive Company which have not been transferred according to section B may with the consent of the board of directors in the Incentive Company be cancelled by a resolution of the Company's board of directors. Cancellation shall be registered with the Swedish Companies Registration Office.

Subscription price

Each warrant in Series 1 (2019/2022) entitles to subscription for one new ordinary B-share in the Company at a subscription price of 120 percent of the volume weighted share price for the Company's B-share according to Nasdaq Stockholm's official

price list during the ten (10) trading days from 1st November 2019. However, the subscription price may not be less than the quota value.

Each warrant in Series 2 (2020/2023) entitles to subscription for one new ordinary B-share in the Company at a subscription price of 120 percent of the volume weighted share price for the Company's B-share according to Nasdaq Stockholm's official price list during the ten (10) trading days from 1st November 2020. However, the subscription price may not be less than the quota value.

Each warrant in Series 3 (2021/2024) entitles to subscription for one new ordinary B-share in the Company at a subscription price of 120 percent of the volume weighted share price for the Company's B-share according to Nasdaq Stockholm's official price list during the ten (10) trading days from 1st November 2021. However, the subscription price may not be less than the quota value.

The subscription price for all three series shall be rounded to the nearest SEK 0.10, whereby SEK 0.05 shall be rounded downwards.

Further, the warrants of Series 1 (2019/2022) are covered by the terms and conditions in Appendix 2A.

Further, the warrants of Series 2 (2020/2023) are covered by the terms and conditions in Appendix 2B.

Further, the warrants of Series 3 (2021/2024) are covered by the terms and conditions in Appendix 2C.

In § 8 of Appendices 2A-C it is stated that the subscription price and the number of shares that each warrant entitles to subscription for shall be recalculated in the event of a bonus issue, new share issue etc.

The board of directors or a person appointed by the board of directors shall be authorised to make any minor adjustments required to register and execute the resolution.

B. Transfer of warrants to top management

The board of directors propose that the shareholders' meeting resolves to approve that the Incentive Company may transfer no more than 798,000 warrants, a maximum of 266,000 warrants per year, in the Company of Series 1 (2019/2022), Series 2 (2020/2023) and Series 3 (2021/2024) to top management, according to the categories below, or otherwise dispose of the warrants to ensure the undertakings under Incentive Program 2019/2024.

Under Incentive Program 2019/2024, a right to purchase warrants from the Incentive Company shall vest in top man-

agement of the Company or subsidiaries of the Company in accordance to the following:

- Category A (Group CEO) is offered to purchase not more than 37,000 warrants per year;
- Category B (Group Management – approximately 4 individuals) is offered to purchase not more than 18,000 warrants each per year;
- Category C (other in Top Management – approximately 16 individuals) is offered to purchase not more than 8,500 warrants each per year; and
- Category D (Option pool/new employees) comprising of 21,000 warrants in total per year. For Category D the board of directors shall be entitled to decide on an offer to one or more additional key personnel in top management.

Only individuals whom have not given, or been given, a notice of termination, are entitled to acquire warrants from the Incentive Company.

The participants may choose to subscribe for a lower number of warrants than stated above.

The warrants shall be transferred on market terms at a price that is determined based on an estimated market value of the warrants using the Black-Scholes Model according to a valuation from an independent valuer.

When acquiring warrants, the participant shall enter into an agreement with the Incentive Company regulating i.e. pre-emption obligations and the right to repurchase at the termination of employment.

The board of directors or the one authorized by the board of directors is entitled to adjust the allocation of warrants and decide the terms that shall govern the sale and repurchase of warrants.

Application to acquire warrants shall be made during the following periods:

- 15th November – 15th December 2019 for Series 1 (2019/2022),
- 15th November – 15th December 2020 for Series 2 (2020/2023), and
- 15th November – 15th December 2021 for Series 3 (2021/2024).

The board of directors shall however be entitled to prolong or adjust the application period for acquiring warrants.

C. Financing and bonus offer

The participants are offered an opportunity to receive a bonus amounting to half of the participants premium for the warrants and the income tax levied on such bonus,

provided the participants employment with the Company or subsidiary is not terminated until three years has passed from

- 1) 1st November 2019 for the first part of the program,
- 2) 1st November 2020 for the second part of the program, and finally
- 3) 1st November 2021 for the last part of the program.

In case a right to early exercise of the allocated warrants exists, for instance, but not limited to, a delisting or a sale of the majority of the shares in the Company, the participants shall be offered a possibility to receive the bonus even if the time limits above have not been met.

The board of directors or a person appointed by the board of directors is also entitled to offer a bonus if a change of circumstances attributable to the participant occur, for example death, sickness or other distressing circumstances.

The participant is responsible for the financing of the option premium at the purchase of the warrants.

Effect on key figures and costs for the Company etc.

The current incentive program is expected to have a minor impact on the Company's key figures.

The Company's total cost for the bonus during the five year period, provided full participation and with an estimated average market price of each option of SEK 15 or 20, is estimated to approximately SEK 19,5 or 28. In addition, minor costs for foreign social security charges may also be levied for participants in other countries. No other significant costs are expected to arise due to the incentive program. Therefore, no actions have been taken to hedge the program.

Other share based incentive programs

At an extraordinary general meeting on 5 December 2016, a similar program through an issue was approved of a maximum of 798,000 warrants in three different series divided into 2016/2019 (Series 1), 2017/2020 (Series 2) and 2018/2021 (Series 3), with 266,000 warrants in each series granting the right to subscribe for an equal amount of B-shares. The program was offered to approximately twenty employees within the Company's management. In total 630,200 warrants of the issued warrants have been acquired. Further description of the incentive program can be found in the Company's annual report.

Majority requirement

A resolution to approve Incentive Program 2019/2024 as set out in A and B above

shall be made as one decision and is therefore conditional upon each other. A resolution is valid only when supported by shareholders holding not less than nine-tenths of both the shares voted and of the shares represented at the meeting.

Proposal for authorization of the board to resolve on new issues of shares (agenda item 15):

The board of directors of Nolato proposes that the annual general meeting authorizes the board to resolve – on one or more occasions and for the period until the end of the next annual general meeting – to increase the company's share capital by issuing new class B shares, to the extent that such new issues can be made without amending the articles of association. The total number of class B shares that may be issued pursuant to the authorization may not exceed ten per cent of the total number of outstanding shares in the company, at the time of the notice of the meeting.

New share issues may be made with or without deviation from the shareholders' preferential rights and with or without provisions for assets contribution in kind or set-off. The purpose of the authorization is to increase the financial flexibility of the company and the acting scope of the board. Should the board of directors resolve on a new issue with deviation from the shareholders' preferential rights, the reason shall be to secure financing capacity for company acquisitions, alternatively, to enable shares to be used as payment in such acquisitions. Upon such deviation from the shareholders' preferential rights, the new issue shall be made at market terms and conditions.

The CEO, or any person appointed by the CEO, shall be authorized to make minor adjustments of the resolution mentioned above, as may be required in connection with the registration with the Swedish Companies Registration Office.

Resolution according to the above is only valid if supported by shareholders holding not less than two-thirds of both

the votes cast and the shares represented at the annual general meeting.

Information at the meeting

During the Annual General Meeting, the Board of Directors and the President and CEO may – if shareholders so request, and if the Board is of the opinion that such information can be provided without causing significant harm to the company's business activities – provide information about the company's finances and about circumstances that could affect the assessment of matters dealt with at the meeting.

The company's shares

The company has 2,759,400 A shares and 23,548,008 B shares, totalling 26,307,408 shares. An A share entitles the holder to ten votes, while a B share entitles the holder to one vote. The company has a total of 51,142,008 votes.

Other

The reporting documents, the auditor's report, the auditor's statement on the remuneration of senior executives, proposed appropriation of profits, proxy forms and additional documentation to be submitted at the meeting in accordance with item 6 of the agenda will be available at the company's headquarters at Nolatovägen, 269 04 Torekov, Sweden, no later than 17 April 2019.

These documents are also available from Nolato's website, www.nolato.com, under Corporate Governance, and can be sent to those shareholders who have requested copies. Information about Nolato's processing of personal data, for example when shareholders register to attend the AGM, is also available on the company's website.

We look forward to your participation.

Torekov, April 2019
Nolato AB (publ)
 Nolato's Board of Directors



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Nolato is a Swedish group with operations in Europe, Asia and North America. We develop and manufacture products in polymer materials such as plastic, silicone and TPE for leading customers within medical technology, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industrial sectors. Nolato's shares are listed on Nasdaq Stockholm in the Large Cap segment, where they are included in the Industrials sector.