

## **Invitation to the Annual General Meeting of Anoto Group AB (publ)**

**The shareholders of Anoto Group AB (publ) (the “Company”), are hereby invited to attend the Annual General Meeting (the “AGM”) to be held on Tuesday, 15 May 2018 at 3.00 p.m. at the premises of Linklaters Advokatbyrå, Regeringsgatan 67 in Stockholm, Sweden.**

### **Notification of participation**

Shareholders wishing to attend the AGM must

- be entered as shareholders in the share register maintained by Euroclear Sweden AB no later than on Tuesday, 8 May 2018,
- notify the Company of their intention to participate no later than on Tuesday, 8 May 2018, preferably before noon.

Attendance is to be notified by mail to Anoto Group AB (publ) at Flaggan 1165, 116 74 Stockholm, Sweden, by telephone +46 46 540 12 00, or by e-mail to [AGM@anoto.com](mailto:AGM@anoto.com). The notification should state name, social security number/corporate identification number and registered number of shares. To facilitate admittance to the AGM, proxies, registration certificates and other authorisation documents should be submitted to the Company at the above address no later than on 8 May 2018. The Company provides proxy forms at the Company's office in Stockholm as well as on the Company's web page [www.anoto.com](http://www.anoto.com).

Shareholders who hold their shares through nominees (Sw. *författare*) must request a temporary registration of the shares in their own name, with Euroclear Sweden AB. Shareholders who wish to obtain such registration must contact the nominee regarding this well in advance of 8 May 2018.

### **Proposed agenda**

1. Opening of the Meeting
2. Election of Chairman at the Meeting
3. Preparation and approval of voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination of whether the Meeting has been duly convened
7. Presentation of the Annual Report and the Auditor's Report and the consolidated Annual Report and consolidated Auditor's Report
8. Statement by the Chief Executive Officer and answering of questions from the shareholders
9. Resolution on:
  - (a) Adoption of the Income Statement and the Balance Sheet, and the consolidated Income Statement and consolidated Balance Sheet
  - (b) Appropriation of the Company's profit or loss pursuant to the adopted Balance Sheet
  - (c) Discharge from liability of the Board members and the Chief Executive Officer

10. Determination of the number of board members
11. Remuneration for the board members and the auditors
12. Election of board members and Chairman of the Board of Directors
13. Resolution on Nomination Committee
14. Resolution to adopt new articles of association
15. Resolution concerning guidelines for the remuneration of senior executives
16. Resolution to authorise the Board of Directors to issue new shares, warrants and/or convertible bonds
17. Resolution to implement an incentive program for the CEO and senior executives
18. Resolution to implement an incentive program for board members
19. Resolution to authorise the Board of Directors to issue warrants
20. Closing of the Meeting

### **Proposals**

Nerthus Investments Limited (the “**Major Shareholder**”) representing at least 9.85 per cent of the total number of shares in the Company, has informed the Company that they are going to present proposals at the AGM as set out below.

#### **Proposal for the appropriation of the Company’s profit or loss (item 9 (b))**

The Board of Directors proposes that no dividend be distributed for the financial year 2017.

#### **Determination of number of board members (item 10)**

The Major Shareholder proposes that the Board of Directors shall consist of three board members elected by the AGM.

#### **Remuneration for the board members and the auditor (item 11)**

The Major Shareholder proposes that the total remuneration for the Board of Directors shall amount to SEK 1,340,000, of which SEK 670,000 shall be paid to the Chairman of the Board of Directors and SEK 335,000 shall be paid to each of the other board members elected by the AGM who are not employees of the Group.

The Major Shareholder proposes that the audit fees shall be paid in accordance with approved invoices.

#### **Election of board members and Chairman of the Board of Directors (item 12)**

As members of the Board of Directors until the end of the next AGM, the Major Shareholder proposes re-election of Jörgen Durban and Perry Ha. The Major Shareholder also proposes that Will Reeb shall be elected as new board member of the Company.

The Major Shareholder also proposes re-election of Jörgen Durban as the Chairman of the Board of Directors.

#### **Information with respect to the election of auditor**

The registered accounting firm Grant Thornton Sweden AB was elected auditor at the 2017 AGM for a period of four years. Accordingly, the task of appointing an auditor is scheduled to occur at the 2021 AGM. Grant Thornton Sweden AB has appointed the authorised public accountant Mats Pålsson as auditor-in-charge.

### **Resolution on Nomination Committee (item 13)**

It is proposed that the AGM shall resolve on the following principles to apply in connection with the appointment of the Nomination Committee for the AGM 2019.

For the appointment of a Nomination Committee for the AGM 2019, the Chairman of the Board of Directors is commissioned to contact three of the Company's major shareholders, at the end of September 2018, for the purpose to establish a new Nomination Committee. The Chairman of the Board of Directors shall ask the major shareholders to appoint one representative each to form the Nomination Committee, together with the Chairman of the Board of Directors. If not otherwise resolved by the Nomination Committee, the representative of the largest owner shall be appointed the Chairman of the Nomination Committee.

In case a shareholder that has appointed a member to the Nomination Committee materially reduces his holding of shares in the Company, the member that has been appointed by such shareholder shall resign, if the Nomination Committee so decides. Instead, another major shareholder, that has become one of the Company's three major shareholders, shall in consultation with the remaining members be offered to appoint a member of the Nomination Committee. In case a shareholder who is not represented in the nomination committee becomes one of the Company's three major shareholders during the Nomination Committee's work period, the Nomination Committee may resolve to offer this owner a seat on the Nomination Committee.

The members of the Nomination Committee shall be presented by the Chairman of the Board as soon as the members have been appointed, however, no later than six months prior to the AGM 2019. The Chairman of the Nomination Committee shall inform the Company if changes in the Nomination Committee occur.

No compensation for Nomination Committee work shall be paid out. The Nomination Committee shall, upon approval by the Chairman of the Board, be entitled to burden the Company with costs, for example in respect of recruitment consultants or other costs necessary for the Nomination Committee to fulfil its duties.

The Nomination Committee shall prepare and present to the AGM 2019 proposals for the following issues:

1. Chairman at the Annual General Meeting
2. Chairman and other members of the Board of Directors
3. Remuneration for the Board of Directors
4. Appointment of Auditors (when appropriate)
5. Remuneration for the Auditors
6. The procedure of appointing a Nomination Committee for the Annual General Meeting 2020

### **Resolution regarding change of the articles of association (item 14)**

The Board of Directors proposes that the AGM resolves as follows.

- That, in order to adapt the limits for the share capital, change § 4 of the articles of association as follows:

*"The company's share capital shall be not less than SEK 65,000,000 and not more than SEK 260,000,000."*

- That, in order to adapt the limits for the number of shares, change § 5 of the articles of association as follows:  
*"The number of shares shall be not less than 110,000,000 and not more than 440,000,000."*
- To authorise the Chairman of the Board of Directors, or someone appointed by the Chairman of the Board of Directors, to make any adjustments in the decision which are required for registration with the Swedish Companies Registration Office or Euroclear Sweden AB's processing.

A valid resolution by the AGM pursuant to the proposal above requires that the resolution be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the AGM.

#### **Resolution concerning guidelines for the remuneration of senior executives (item 15)**

The Board of Directors proposes that the AGM resolves on the guidelines below for the determination of remuneration and other employment conditions for the CEO and other Executives.

The compensation level and structure shall be at market level. The total compensation shall be a balanced mix of fixed salaries, variable compensation, retirement and health plans, any other benefits and terms for dismissal and severance payments. The compensation may also comprise stock related long term incentive programs. The variable compensation varies for each Executive and shall primarily be related to Anoto Group's budget and may not exceed fifty per cent of the fixed salary. The retirement plan shall be competitive.

Other benefits, like health plans, housing allowances and company cars, shall be competitive. As a main rule all of the Executives shall have a mutual notice period of three months. Stock related incentive plans are to be determined by the AGM. Issues and transfers of securities determined by the AGM according to the rules of Chapter 16 in the Swedish Companies Act are not comprised by these guidelines in case the AGM has or will make such decisions.

Board members of the Company, elected by the AGM, may in special cases receive a fee for services performed within their respective areas of expertise, separately from their board duties and for a limited period of time. Compensation for these services shall be paid at market terms.

The Board of Directors shall be entitled to deviate from these guidelines in a certain case should there be specific reasons.

#### **Resolution to authorise the Board of Directors to issue new shares, warrants and/or convertible bonds (item 16)**

The Board of Directors proposes that the AGM authorizes the Board of Directors to resolve, on one or several occasions during the period until the next AGM, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off, to issue shares, warrants and/or convertible bonds that involve the issue of or conversion into a maximum of 28,163,738 shares, corresponding to a dilution of approximately 20 per cent of the share capital and votes, based on the current number of shares in the Company.

The purpose of this authorisation and the reason for any disapplication of the shareholders' preferential rights is to make it possible for the Company to pay with its own financial instruments in connection with possible acquisitions that the Company may carry out and to increase the flexibility of the Company to finance the ongoing business. The basis for the issue price shall be according to the prevailing market conditions at the time when shares, warrants and/or convertible bonds are issued.

A valid resolution by the AGM pursuant to the proposal above requires that the resolution be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the AGM.

### **Resolution to implement an incentive program for the CEO and senior executives (item 17)**

The Major Shareholder proposes that the AGM resolves to adopt an incentive program for the CEO and senior executives employed within the Group as described below.

The rationale for the proposal is to create opportunities to keep and to recruit competent personnel and to increase the motivation amongst the employees. The Major Shareholder considers that the adoption of the incentive program as described below is in the favour of the Group and the shareholders in the Company.

The proposed incentive program means that the participants will be granted stock options free of charge.

The program comprises a maximum of 21,458,085 stock options, representing approximately 16 per cent of the share capital and votes after dilution, based on the current number of shares in the Company.

The maximum number of stock options granted to senior executives shall be in aggregate 8,046,782, representing approximately 6 per cent of the share capital and votes after dilution, based on the current number of shares in the Company. For the senior executives, the stock options vest in the following manner. One third of the options vest and become exercisable after one year. Thereafter, the remaining two thirds of the options vest and become exercisable on a pro rata basis, with 1/24 per month, until all options have vested after three years. The vesting of the options is contingent on the senior executive having been employed by the Group for at least 12 months from the date of grant of the stock options.

The maximum number of stock options to be granted to the CEO shall be 13,411,303, representing approximately 10 per cent of the share capital and votes after dilution, based on the current number of shares in the Company. Of the maximum stock options granted, 8,046,782 options vest as set out below (the "**Base Options**") and 5,364,521 options vest only in case of exceptional CEO performance as determined by the Board of Directors (the "**Additional Options**"). At the discretion of the Board of Directors, vesting of the Additional Options can take place in part or in full, on one or several occasions over the vesting period.

One third of the Base Options vest and become exercisable after one year. Thereafter, the remaining two thirds of the Base Options vest and become exercisable on a pro rata basis, with 1/24 per month, until all Base Options have vested after three years. The vesting of the first half of the Base Options is contingent on that the CEO has been employed by the Group, or has been a board member of the Company, or at least have been available for re-election as a board member, for at least 12 months from the date of grant of the Base Options. Vesting of the second half of the Base Options is contingent on that the CEO has been employed by the Group, or has been a board member of the Company, or at least have been available for re-election as a board member, for at least 24 months from the date of grant of the Base Options.

The stock options can be exercised to purchase shares in the Company no later than on 31 August 2022, after which any outstanding options lapse. Each option entitles the participant to purchase one share in the Company at a price equal to 100 per cent of the average closing price of the Company's shares on Nasdaq Stockholm during the period from 15 February 2018 up to and including 15 May 2018.

The Board of Directors shall be responsible for preparing the detailed terms and conditions of the incentive program, in accordance with the above mentioned terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments of the incentive program to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes to the Group, or its markets, result in a situation where the decided terms and conditions for exercising the options are no longer appropriate.

Furthermore, in case of special circumstances, the Board of Directors shall be authorised to resolve that stock options will be kept and exercised despite the fact that employment in the Group has ceased, for example due to illness.

The incentive program will be accounted for in accordance with IFRS 2, which stipulates that the value is recorded as a personnel expense in the income statement during the vesting period. Based on the assumptions of a share price of SEK 4.06 (closing share price of the Company on 11 April 2018), a maximum participation and an annual employee turnover of 10 per cent among the participants of the incentive program, the cost for the incentive program, excluding social security costs, is estimated to approximately SEK 12,282,338. The cost will be allocated over the years 2018-2021.

Social security costs will also be recorded as a personnel expense in the income statement by current reservations. This incentive program is not expected to give rise to any social security costs.

The annual cost of the incentive program, including social security costs, is estimated to approximately SEK 4,094,113 given the above assumptions. This cost can be related to the Company's total personnel costs, including social security costs, of SEK 35,560,615 in 2017.

The incentive program allows employees of the Group to be granted stock options entitling them to acquire shares in the Company. Such transfers fall within the scope of Chapter 16 of the Swedish Companies Act, which means that a resolution to approve the incentive program is valid only where supported by shareholders holding not less than nine-tenth of both the votes cast and the shares represented at the AGM.

#### **Resolution to implement an incentive program for board members (item 18)**

The Major Shareholder proposes that the AGM resolves to adopt an incentive program for the board members of the Company.

The rationale for the proposal is to create opportunities to keep competent persons as board members in the Company. The Major Shareholder considers that the adoption of the incentive program as described below is in the favour of the Group and the shareholders in the Company.

The proposed incentive program means that the participants will be granted stock options free of charge. The stock options vest in the following manner. One third of the options vest and become exercisable after one year. Thereafter, the remaining two thirds of the options vest and become exercisable on a pro rata basis, with 1/24 per month, until all options have vested after three years. The vesting of the options is contingent on the participant is or having been a board member of the Company, or at least available for re-election as a board member, for at least 12 months from the date of grant of the stock options. The stock options can be exercised to purchase shares in the Company no later than on 31 August 2022, after which any outstanding options lapse. Each option entitles the participant to purchase one share in the Company at a price equal to 100 per cent of the average closing price of the Company's shares on Nasdaq Stockholm during the period from 15 February 2018 up to and including 15 May 2018.

The incentive program comprises a maximum of 2,299,080 stock options, representing approximately 2 per cent of the share capital and votes after dilution, based on the current number

of shares in the Company. The maximum number of stock options to be allocated to the Chairman of the Board of Directors shall be 1,149,540 and to the other board members not being employed by the Group up to 574,770 stock options each.

The incentive program will be accounted for in accordance with IFRS 2, which stipulates that the value is recorded as a personnel expense in the income statement during the vesting period. Based on the assumptions of a share price of SEK 4.06 (closing share price of the Company on 11 April 2018), a maximum participation and an annual employee turnover of 10 per cent among the participants of the incentive program, the cost for the incentive program, excluding social security costs, is estimated to approximately SEK 1,315,965. The cost will be allocated over the years 2018-2021.

Social security costs will also be recorded as a personnel expense in the income statement by current reservations. The social security costs are estimated to around SEK 206,738 with the assumptions above, and an average social security tax rate of 15.71 per cent.

The annual cost of the incentive program, including social security costs, is estimated to approximately SEK 507,568 given the above assumptions. This cost can be related to the Company's total personnel costs, including social security costs, of SEK 35,560,615 in 2017.

The incentive program allows board members of the Company to be granted stock options entitling the member to acquire shares in the Company. Such transfers fall within the scope of Chapter 16 of the Swedish Companies Act, which means that a resolution to approve the incentive program is valid only where supported by shareholders holding not less than nine-tenth of both the votes cast and the shares represented at the AGM.

#### **Resolution to authorise the Board of Directors to issue warrants (item 19)**

To ensure delivery of shares to participants in the incentive programs described under items 17 and 18 above, and to cover any social security costs related to the incentive program, it is proposed that the Board of Directors be authorised, on one or more occasions until the 2019 AGM, to issue up to 23,757,165 warrants, representing approximately 18 per cent of the share capital and votes after dilution, based on the current number of shares in the Company. The warrants shall be issued free of charge and, with disapplication of the shareholders' preferential rights, may be subscribed for by Anoto AB, a wholly owned subsidiary of the Company.

A valid resolution by the AGM pursuant to the proposal above requires that the resolution be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the AGM.

#### **Other**

The complete proposals for resolutions in accordance with the above will be available at the Company's office in Stockholm and on the Company's web page, [www.anoto.com](http://www.anoto.com), no later than three weeks prior to the AGM and will also be sent to those shareholders who so request and provide their postal address.

According to Chapter 7, section 32 of the Swedish Companies Act, at a AGM the shareholders are entitled to require information from the Board of Directors and CEO regarding circumstances which may affect items on the agenda and circumstances which may affect the Company's financial situation.

#### **Number of shares and votes in the Company**

As of 16 April 2018, the total number of shares and votes in the Company was 112,654,950. The Company is not holding any own shares.



Stockholm in April 2018

**Anoto Group AB (publ)**

The Board of Directors