

# ADDNODE GROUP

Press release

## NOTICE OF ANNUAL GENERAL MEETING

*Shareholders of Addnode Group Aktiebolag (publ) ("Addnode Group") are hereby invited to attend the Annual General Meeting on Tuesday, 7 May 2019, at 6:00 p.m. at 7A Odenplan (room Embla), Norrtullsgatan 6. Doors will open at 5.00 p.m.*

### REGISTRATION

To be entitled to participate in the Annual General Meeting, shareholders must be listed in the register of shareholders maintained by Euroclear Sweden AB, on Tuesday, 30 April 2019, and inform the company of their intention to attend no later than Tuesday, 30 April 2019, by post to Addnode Group Aktiebolag (publ), "Annual General Meeting", Hudiksvallsgatan 4, SE-113 30 Stockholm, Sweden, by telephone +46 (0)8-630 70 70, or by e-mail to [bolagsstamma@addnodegroup.com](mailto:bolagsstamma@addnodegroup.com).

Registration must include the shareholder's name, personal registration number/corporate registration number, address and telephone number, as well as the number of any accompanying advisors (not more than two). Proxy holders and representatives of legal entities are requested to submit authorization documentation prior to the Annual General Meeting. Proxy forms are available on Addnode Group's website, [www.addnodegroup.com](http://www.addnodegroup.com).

Shareholders whose shares are registered in the name of a nominee must request that their shares be temporarily registered in their own name with Euroclear Sweden AB, to be entitled to participate in the Annual General Meeting. This procedure, so-called voting right registration, must have been effected Tuesday, 30 April 2019, which means that the shareholder must inform the nominee well in advance before this date.

### PROPOSED AGENDA

The Board's proposed agenda is as follows:

1. The meeting is opened.
2. Election of Chairman of the Meeting (see below).
3. Preparation and approval of voting list.
4. Approval of the Agenda.
5. Election of one or more persons to verify the minutes.
6. Determination as to whether the Meeting has been duly convened.
7. President's presentation of operations.
8. Presentation of the Annual Report and the Auditors' Report as well as the Consolidated Accounts and Consolidated Auditors' Report for 2018.
9. Decision regarding the adoption of the income statement and balance sheet as well as the consolidated income statement and balance sheet for 2018.
10. Decision regarding the disposition of the Company's profits in accordance with the adopted balance sheet and the record date if the Meeting resolves on a dividend (see below).
11. Decision regarding the discharge from personal liability for the members of the Board of Directors and for the President.
12. Report on the work of the Nomination Committee and proposals for the Meeting.
13. Decision regarding the number of Board members and deputies if any (see below).
14. Decision regarding remuneration to the Chairman of the Board, the other Board members, and to the auditor (see below).
15. Election of Board members, Chairman of the Board and auditor (see below).
16. The Board's proposal for a decision regarding guidelines for remuneration and other employment terms for the Executive Management (see below).
17. The Board's proposal for a resolution regarding a long-term incentive plan by the issue of call options and transfer of shares to participants ("LTIP 2019") (see below).
18. The Board's proposal for a decision to authorize the Board to decide on acquisitions and transfer of the Company's own shares (see below).
19. The Board's proposal for a decision to authorize the Board to decide on issues of new shares (see below).

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20. The Nomination Committee's proposal for a decision on a Nomination Committee (see below).
21. Closing of the meeting.

## PROPOSED RESOLUTIONS

Before the Annual General Meeting 2019, the Nomination Committee has comprised of Staffan Hanstorp, appointed by Aretro Capital Group AB (Chairman of the Nomination Committee and Chairman of the Board of Addnode Group), Wilhelm Arnör, appointed by Verg AB (previously Vidinova AB), Vegard Søråunet, appointed by Odin funds and Magnus Skåniger, appointed by Swedbank Robur funds. The Nomination Committee of Addnode Group has submitted proposals under item 2, 13-15 and 20 on the agenda. The Board has submitted proposals under item 10 and 16-19 on the agenda.

### **Item 2 - Election of Chairman of the Meeting**

The Nomination Committee proposes Staffan Hanstorp to be elected as Chairman of the Meeting.

### **Item 10 - Decision regarding the disposition of the Company's profits in accordance with the adopted balance sheet and the record date if the Meeting resolves on a dividend**

The Board proposes a dividend of SEK 2.50 per share and Thursday, 9 May 2019 as the record date for the dividend. Based on this record date, Euroclear Sweden is expected to pay out the dividend on 14 May 2019. The proposal means that SEK 83,568,140 is paid to the shareholders and that the remaining disposable profit amounting to SEK 539,376,735 should be carried forward.

### **Item 13 and 15 - Decision regarding the number of Board members and deputies if any, and election of Board members, Chairman of the Board and auditor**

The Nomination Committee proposes the Board to consist of six members and to re-elect all of the Board members, i.e. Jan Andersson, Kristoffer Arwin, Johanna Frelin, Staffan Hanstorp, Sigrun Hjelmqvist and Thord Wilkne. Staffan Hanstorp is proposed as the Chairman of the Board. No deputies shall be elected to the Board.

The Nomination Committee proposes, in accordance with the recommendation from the Audit Committee, re-election of the registered public accounting firm PricewaterhouseCoopers AB as auditor for the period until the end of the next Annual General Meeting. PricewaterhouseCoopers AB will appoint Anna Rosendal to be auditor in charge.

### **Item 14 - Decision regarding remuneration to the Chairman of the Board, the other Board members, and to the auditor**

The Nomination Committee proposes fees to the Board, for the period until the conclusion of the next Annual General Meeting, to be paid in the amounts of SEK 400,000 (previously SEK 380,000) to the Chairman of the Board and SEK 200,000 (previously SEK 190,000) to each of the other Board members elected by the Annual General Meeting. Remuneration may further be paid on account for special undertakings by Board members in their respective fields of expertise (consultancy services etc.), provided that such undertakings have previously been approved by the Chairman of the Board or by two Board members. Fees for work in the Audit Committee shall be paid in the amount of SEK 85,000 (previously SEK 75,000) to the Chairman and SEK 55,000 (previously SEK 45,000) to each of the other committee members. Fees for work in the Remuneration Committee shall be paid in the amount of SEK 20,000 (previously SEK 15,000) to each of the committee members. The Nomination Committee has further proposed that fair remuneration to the auditor is to be paid with a reasonable amount by approved accounts.

It is further proposed that maximum SEK 190,000 per month may be paid to the Chairman of the Board for work in relation to the group's acquisition opportunities, funding, strategic partnerships and overall strategic matters as specifically agreed.

### **Item 16 - The Board's proposal for a decision regarding guidelines for remuneration and other employment terms for the Executive Management**

Executive Management means the President of the parent company and the other members of the Group Management specified in note 5 of the Company's Annual Report for the financial year 2018. The Board proposes the following guidelines to the Annual General Meeting 2019:

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Remuneration to the President of the parent company and the other members of the Group Management shall consist of a fixed salary, a variable remuneration, share based incentive plan and additional benefits and pension. The fixed salary shall be competitive and secure that Addnode Group is able to recruit competent managers. As a general rule, the fixed salary shall be re-evaluated on a yearly basis and shall take the individual's qualitative performance into consideration. A variable remuneration can be paid in addition to the fixed salary. Variable remuneration shall be based on results achieved and/or individually established and specific goals. For the President of the parent company, the variable cash remuneration shall mainly be based on results achieved by the Group. The variable cash remuneration may not exceed twelve monthly salaries. For other members of the Group Management, the variable cash remuneration may not exceed nine monthly salaries and shall mainly be based on the results of the business area for which the executive is responsible. Share based incentive plans shall secure a long-term commitment to the Group's development and encourage own shareholding in the Company. Share based incentive plans shall be resolved by the General Meeting. The Company shall be able to pay compensation in cash in relation to acquisitions of shares and share based instruments by the Executive Management. Such compensation in cash shall in general not exceed 15 per cent of the fixed salary.

Pensions shall always be premium-based to create predictability with regard to the Company's future commitments. Pension premiums shall be paid with up to a maximum of 30 per cent of the current fixed annual salary.

Other remuneration and benefits shall be on market terms and contribute to facilitating the executive's ability to carry out his/her work assignments. Other benefits mainly refer to company car or car allowance.

The employment contracts of the senior executives include terms regulating termination of employment. According to the policy, employment can be terminated at the request of one party, with a term of notice of at least six months and a maximum of twelve months. During the term of notice, the payment of salaries, remuneration and benefits shall be unchanged.

The principles shall apply to employment contracts entered into after the Annual General Meeting and for any amendments to existing terms. The Board may deviate from these guidelines in certain individual cases for which there is justification.

## **Item 17 - The Board's proposal for a resolution regarding a long-term incentive plan by the issue of call options and transfer of shares to participants ("LTIP 2019")**

The Board proposes that the Annual General Meeting resolves to introduce a long-term incentive plan ("LTIP 2019"). LTIP 2019 is proposed to include no more than 50 employees with leading positions within the Addnode Group, under which the participants are being given the opportunity to acquire, at market price, call options relating to class B shares in Addnode Group, repurchased by the Company and in relation to which the participants will receive a subsidy (bonus) after three years corresponding to the premiums paid for the options.

The proposal of the Board also involves that the Annual General Meeting approves that Addnode Group transfers, with deviation from the shareholders' preferential rights, up to 225,000 of the Company's repurchased class B shares to the option holders at the agreed exercise price in connection with any exercise of the call options (subject to any recalculations).

This proposal has been prepared by Addnode Group's Remuneration Committee in consultation with the Company's Board and external advisors. The decision to propose LTIP 2019 to the Annual General Meeting has been resolved by the Board. Addnode Group's Board members are not included in LTIP 2019.

LTIP 2019 involves the following main terms and conditions:

- (a) The number of call options to be issued shall not exceed 225,000, corresponding to approximately 0.7 per cent of the total number of shares and approximately 0.5 per cent of the total number of votes in Addnode Group. Each call option entitles the holder to acquire one (1) repurchased class B share in the Company during the following periods:

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- i) from the day following the publication of the interim report for the period 1 July 30-September 2022, but not earlier than 25 October 2022, up to and including 10 December 2022,
- ii) from the day following the publication of the year-end report for the period 1 January-31 December 2022, but not earlier than 25 January 2023, up to and including 10 March 2023, and
- iii) from the day following the publication of the interim report for the period 1 January-31 March 2023, but not earlier than 25 April 2023, up to and including 10 June 2023.

Shares may not, however, be acquired during any such period when trading in Addnode Group's shares is prohibited under Regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse (the Market Abuse Regulation) or any other equivalent legislation which applies at any given time. The Company shall, when options are being exercised, be entitled to repurchase options at market value in order to facilitate for the participant to cover the liability to pay taxes that arises for the participant.

- (b) The purchase price for shares (the "Exercise Price") upon exercise of the options shall correspond to 126 per cent of the average volume-weighted price paid for Addnode Group's class B shares on Nasdaq Stockholm during the period from 8 May 2019 up to and including 21 May 2019. However, if the Company has inside information during the aforementioned period, the Board shall be entitled to postpone the measurement period. If, at the time of exercise, the share price of the class B shares in Addnode Group exceeds 200 per cent of the average price during the period 8 May 2019 up to and including 21 May 2019, or the later period which the Board resolves upon should the Company have inside information, the Exercise Price will be increased with SEK 1 for every SEK 1 that exceeds 200 per cent.
- (c) The right to acquire call options shall be granted to the Group Management and approximately 45 additional employees with leading positions within Addnode Group, who are directly able to influence on the group's profits, in accordance with the following:

Category	Number of participants	Guaranteed number of call options per participant
Group management	5	10,000
Subsidiaries' CEO or equivalent with profit responsibility >10 MSEK in 2019	20	5,000
Subsidiaries' CEO or equivalent with profit responsibility >5 MSEK in 2019	25	3,000
Total	50	Maximum 225,000

- (d) If a person who is entitled to an allocation declines in full or in part to acquire call options offered to her/him, such residual call options shall be allocated on a pro rata basis between those persons who are entitled to an allocation and who have, in writing, expressed their interest in acquiring additional call options. Persons who are entitled to an allocation may not acquire more than an additional 30 per cent of the initially offered number of call options in this manner.
- (e) The Board shall establish the final distribution of call options according to the principles outlined in items c) and d) above, as well as the number of call options that the employees within each category shall be offered to acquire.
- (f) Notice of acquiring call options must be given no later than 23 May 2019.

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- (g) The premium for the call options shall correspond to the market value of the call options according to an external independent valuation, applying the Black-Scholes model. The value has preliminary been calculated to be SEK 9.80 based on the closing price of the Addnode Group B share on 29 March 2019. The measuring period for calculating the option premium will be based on the average volume-weighted price paid for the shares of class B in Addnode Group on Nasdaq Stockholm during the period from 15 May 2019 up to and including 21 May 2019.
- (h) Issuing call options to employees outside Sweden is dependent on tax effects, that there is no legal impediment, and that the Board determines that such allocation can be carried out with reasonable administrative and financial resources. The Board shall be entitled to, for the benefit of some participants, adjust the plan into a cash-based plan or a plan based on synthetic options, as the Board deems required due to tax purposes and/or foreign legislation and regulations.
- (i) The call options are freely transferable subject to a right for the Company to repurchase the options in accordance with item l) below.
- (j) The number of shares which the call options bring entitlement to acquire, and the Exercise Price, may be recalculated as a result of e.g. bonus issues, share consolidations or splits, rights issues, a reduction in the share capital or similar actions. The time at which shares are transferred may be postponed as a result of any merger or similar actions.
- (k) In order to encourage participation in LTIP 2019, a subsidy in the form of a cash bonus shall be paid corresponding to the premium paid for each call option. This subsidy shall in that case be paid in May 2022 provided that the participant has i) not divested the call options acquired from the Company and ii) is still employed by the Company and has not given notice or been given notice of termination. Furthermore, for each participant premiums are only subsidized with regard to call options up to and including the guarantee level, as stated under item c) above. Accrued payroll tax due to the bonus is paid by each participant.
- (l) Addnode Group is entitled to repurchase the call options from the holder if the participant wishes to divest call options to a third party. Acquisition of options shall occur at a price which, at each time, is equivalent to the lower of the price paid for the options and market value. Repurchase of call options cannot be made during such period when trading with shares in the Company is prohibited by Article 19 of the European Parliament and Council Regulation (EU) No 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation), or any other equivalent legislation which applies at any given time.
- (m) The Board shall, within the framework of the above conditions and policies be responsible for the preparation and management of LTIP 2019.
- (n) Complete terms and conditions for the call options are available on Addnode Group's website [www.addnodegroup.com](http://www.addnodegroup.com).

The costs of LTIP 2019 consist primarily of the subsidy paid in May 2022 as detailed above and the social security charges payable on this subsidy. The total cost of the subsidy, including social security charges, has been estimated to approximately MSEK 2.1 after corporate tax (calculated based on the prevailing market conditions on 29 March 2019). Against this subsidy, the option premium corresponds to a total of approximately MSEK 2.2 which Addnode Group will receive on transferring the call options (calculated based on the prevailing market conditions on 29 March 2019), as a result of which LTIP 2019 will not involve any material net charge to Addnode Group's equity. The total costs for LTIP 2019 including any cash-based plan for participants abroad are estimated to amount to approximately MSEK 2.8 before corporate tax.

The reason for deviation from the shareholders' preferential rights and the Board's reasons for carrying out this LTIP 2019 is that employees with leading positions within Addnode Group should, by a personal investment, be able to benefit from and encourage a positive value growth in Addnode Group's shares, thus more closely aligning the interests between them and the Company's shareholders. The purpose of LTIP 2019 is also to contribute towards employees with leading positions within Addnode Group increasing their long term shareholdings in Addnode Group. LTIP 2019 is also expected to create

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conditions for retaining and recruiting skilled personnel to Addnode Group and to provide competitive remuneration. The employees with leading positions included in LTIP 2019 are the group that, in an otherwise heavily decentralized organization, can create positive effects on the results through cooperation between the group's subsidiaries. On the basis of this, the Board believes that the introduction of LTIP 2019 will have a positive effect on the continued development of Addnode Group and that LTIP 2019 will benefit both the shareholders and the Company.

There are currently no outstanding share based incentive plans in Addnode Group.

The resolution proposed by the Board in accordance with this item 17 must be approved by shareholders representing not less than nine tenths of the votes cast and shares represented at the Annual General Meeting.

## **Item 18 - The Board's proposal for a decision to authorize the Board to decide on acquisitions and transfer of the Company's own B shares**

The Board proposes that the Annual General Meeting authorizes the Board to make decisions, on one or several occasions prior to the next Annual General Meeting, to acquire a maximum number of series B shares so that the Company's holding following the acquisition does not exceed 10 per cent of all the shares in the Company at any time. The buyback shall be conducted on Nasdaq Stockholm at a price that is within the registered range for the share price prevailing at any time (the so-called spread), that is, the range between the highest ask price and the lowest bid price and, where applicable, observing the, from time to time, applicable rules set out in Nasdaq Stockholm's Rulebook for Issuers. Where buybacks are effected by a stock broker as assigned by the Company, the share price may, however, correspond to the volume weighted average price during the time period within which the shares were acquired, even if the volume weighted average price on the day of delivery to the Company falls outside the spread. The purpose of any buyback of own shares is primarily to be able to transfer shares in conjunction with financing of company acquisitions and other types of strategic investments as well as to enable the delivery of shares and to hedge costs related to the completion of the Company's long-term share based incentive programmes.

Furthermore, the Board proposes that the Annual General Meeting authorizes the Board to make decisions, on one or several occasions, prior to the next Annual General Meeting, to transfer series B shares in the Company to a third party. The number of shares transferred may not exceed the total number of shares held by the Company at any time. Transfer may be conducted on or outside Nasdaq Stockholm and includes the right to deviate from the preferential rights of shareholders. The transfer of shares on Nasdaq Stockholm shall be conducted at a price within the registered price interval at any time. The transfer of shares outside Nasdaq Stockholm shall be made at a price in cash or value in property received that corresponds to the share price at the point in time of the transfer of Addnode Group shares that are transferred with the deviation that the Board deems appropriate. The reason for permitting the Board to deviate from the preferential rights of shareholders is to enable financing of potential company acquisitions and other types of strategic investments in a cost efficient manner. For a valid decision under this item, the Annual General Meeting's decision must be supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the Annual General Meeting.

## **Item 19 - The Board's proposal for a decision to authorize the Board to decide on issues of new B shares**

The Board proposes that the Annual General Meeting authorizes the Board to make decisions, on one or several occasions, prior to the next Annual General Meeting, with or without deviation from the preferential rights of shareholders, regarding new B share issues. Based on the resolution, with the support of an authorization, it shall be possible to increase the share capital by a total of not more than SEK 39,600,000 by issuing a total of not more than 3,300,000 new B shares at full subscription. The authorization shall also encompass the right to decide on a new B share issue stipulating cash-in-kind payment or that shares shall be subscribed for with right of set-off or otherwise with conditions stipulated in Chapter 13, Section 7 of the Swedish Companies Act. The reason for the deviation from the preferential rights of shareholders is to enable private placements for the execution of acquisitions of other companies or operations in full or in part. The basis for the subscription price shall be the market value of the share. For a valid decision under this item, the Annual General Meeting's decision must be supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the Annual General Meeting.

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## **Item 20 - The Nomination Committee's proposal for a decision on a Nomination Committee**

The current Nomination Committee has proposed that the Annual General Meeting resolves to commission the Chairman of the Board to contact the four largest owner-registered shareholders in terms of voting rights based on shareholder statistics as per 31 August 2019, each of which appoints one member of the Nomination Committee, along with the Chairman of the Board, until a new Nomination Committee is appointed by mandate of the next Annual General Meeting.

If any of these shareholders decides to renounce its right to appoint a member of the Nomination Committee, the right shall pass to the largest shareholder in turn. The Chairman of the Nomination Committee shall be the member appointed by the largest shareholder in terms of voting rights, if not agreed otherwise by the members of the Nomination Committee. The Chairman of the Board shall not be the Chairman of the Nomination Committee.

The composition of the Nomination Committee shall be announced as soon as it has been appointed and no later than six months before the 2020 Annual General Meeting. No fees are paid to members of the Nomination Committee but the Company shall pay for reasonable costs that the Nomination Committee has considered to be necessary in order for the Nomination Committee to be able to complete its assignment. If a member resigns from the Nomination Committee before completing his or her assignment, and if the Nomination Committee considers that there is a need to replace this member, the replacement will be appointed by the same shareholder that appointed the resigning member. In the event that a significant change occurs in the ownership structure after the Nomination Committee has been appointed, the composition of the Nomination Committee shall also be changed accordingly, if the Nomination Committee considers that this is necessary. No changes in the composition of the Nomination Committee shall be made, unless there are special circumstances, if the change occurs later than three months before the Annual General Meeting. Changes in the composition of the Nomination Committee shall be announced as soon as possible.

The task of the Nomination Committee is, prior to the Annual General Meeting, to present proposals regarding the number of Board members to be elected by the Annual General Meeting, Board fees, auditors' fees, any remuneration for committee work, composition of the Board, Chairman of the Board, Nomination Committee, Chairman of the Annual General Meeting and election of auditors. The present Nomination Committee shall remain until a new Nomination Committee has been formed.

## **OTHER INFORMATION**

The number of shares in the Company as of the day of announcement of this notice amounts to 33,427,256 of which 987,174 are series A shares and 32,440,082 are series B shares, corresponding to a total of 42,311,822 votes. Series A shares carry ten votes and series B shares carry one vote each. As of the day of announcement of this notice, the Company held no own shares in treasury.

In accordance with the Swedish Companies Act Chapter 7, Section 32, the shareholders have the right to ask questions at the Annual General Meeting in relation to the items on the agenda and about the financial situation of the Company and the Group. Shareholders who wish to submit questions in advance of the Annual General Meeting, shall send these to Addnode Group Aktiebolag, "Annual General Meeting", Hudiksvallsgatan 4, SE-113 30 Stockholm, per telephone +46 (0)8-630 70 70 or by e-mail to [bolagsstamma@addnodegroup.com](mailto:bolagsstamma@addnodegroup.com).

## **AVAILABLE DOCUMENTS**

The Company's Annual Report and auditors' report relating to the 2018 financial year, statement regarding the work of the Nomination Committee and the Nomination Committee's reasoned statement regarding the Board proposal, information about the proposed Board members, the Board's reasoned statement pertaining to the proposed dividend in accordance with Chapter 18, Section 4 of the Swedish Companies Act and relating to the proposed authorization pertaining to acquisition of own shares according to Chapter 19, Section 22 of the Swedish Companies Act, the auditor's report regarding whether the previous guidelines for remuneration to the Executive Management have been complied with, the statement regarding the result of the Remuneration Committee's evaluation according to the Swedish Corporate Governance Code and complete terms and conditions for call options will be available on the Company's website, [www.addnodegroup.com](http://www.addnodegroup.com) and at the Company from, no later than,

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Tuesday, 16 April 2019. The above documents will also be sent to shareholders who so request and provide their postal address.

## **PROCESS OF PERSONAL DATA**

For information regarding the process of your personal data, please see the privacy notice available on Euroclear's website <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Stockholm, April 2019

## **Addnode Group Aktiebolag (publ)**

The Board of Directors

## **For more information, please contact:**

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## **About Addnode Group**

Addnode Group acquires, operates and develops entrepreneur-driven companies that supply software and services to markets in which we have or can achieve a leading position. We are one of Europe's leading suppliers of software and services for design, construction and product data information, and a leading supplier of document and case management systems to public sector clients in Sweden and Norway.

We are 1 600 employees in Sweden, Germany, UK, Australia, Denmark, Finland, India, Canada, Netherlands, Norway, Serbia, Slovakia, South Africa, USA and Austria. Net sales in 2018 amounted to SEK 2,942 MSEK. Addnode Group's Series B share is listed on Nasdaq Stockholm. For more information, please visit: [www.addnodegroup.com](http://www.addnodegroup.com)