

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

The shareholders of Anoto Group AB (publ), are hereby invited to attend the Annual General Meeting (the "AGM") to be held on Friday, 30 June 2017 at 10:00 a.m. at the premises of Setterwalls Advokatbyrå, Sturegatan 10 in Stockholm, Sweden.

### Notification of participation

Shareholders wishing to attend the General Meeting must

- be entered as shareholders in the share register maintained by Euroclear Sweden AB no later than on Friday, 23 June 2017,
- notify the Company of their intention to participate no later than on Monday, 26 June 2017, preferably before noon.

Attendance is to be notified by mail to Anoto Group AB (publ) at Mobilvägen 10, SE-223 62 Lund, Sweden, by telephone +46 46 540 12 00, or by e-mail to AGM@anoto.com. The notification should state name, social security number/corporate identification number and registered number of shares. To facilitate admittance to the General Meeting, proxies, registration certificates and other authorisation documents should be submitted to the Company at the above address no later than on 26 June 2017. The Company provides proxy forms at the Company's office in Lund as well as on the Company's web page [www.anoto.com](http://www.anoto.com).

Shareholders who hold their shares through nominees (Sw. *förvaltare*) 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 23 June 2017.

### 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 and auditors
11. Remuneration for the board members and the auditors
12. Election of board members and Chairman of the Board of Directors
13. Election of Auditors
14. Resolution on Nomination Committee
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 scheme for senior executives of the Group
18. Resolution to implement an incentive scheme for board members
19. Resolution to authorise the Board of Directors to issue warrants
20. Closing of the Meeting

## **Proposals**

SMark Co. Limited and Nerthus Investments Limited, in the following referred to as the “Major Shareholders” and together representing at least 17.5 per cent of the total number of shares in the Company, have 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 2016.

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

The Major Shareholders propose that the Board of Directors shall consist of six board members elected by the general meeting. The Major Shareholders also propose that the company shall have one registered auditing company as auditor.

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

The Major Shareholders propose that the total remuneration for the board of directors shall amount to SEK 2,100,000, of which SEK 900,000 shall be paid to the Chairman of the Board of Directors and SEK 300,000 shall be paid to each of the other board members elected by the General Meeting and who are not employees of the Group.

The Major Shareholders propose 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 Annual General Meeting, the Major Shareholders propose re-election of Jörgen Durban and Joonhee Won. The Major Shareholders also propose that Jeff Weedman, Perry Ha, Mariel Clemensen and DongYi Lee shall be elected as new board members of the Company.

The Major Shareholders also propose re-election of Jörgen Durban as the Chairman of the Board of Directors.

### **Election of auditors (item 13)**

The Major Shareholders propose that the registered auditing company Deloitte AB shall be re-elected as auditor for the period until the AGM 2021. Deloitte AB has informed that, if Deloitte AB is re-elected as auditor, Per-Arne Pettersson will be appointed as the responsible auditor.

### **Resolution on Nomination Committee (item 14)**

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 in 2018.

For the appointment of a Nomination Committee for the Annual General Meeting 2018, the Chairman of the Board of Directors is commissioned to contact three of the Company's major shareholders, at the end of September 2017, 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 Annual General Meeting 2018. 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 Annual General Meeting 2018 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 2019

### **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 General Meeting. Issues and transfers of securities determined by the General Meeting according to the rules of Chapter 16 in the Swedish Companies Act are not comprised by these guidelines in case the General Meeting has or will make such decisions.

Board members of the Company, elected by the General Meeting, 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 General Meeting authorizes the Board of Directors to resolve, on one or several occasions during the period until the next Annual General Meeting, 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 555,000,000 shares, corresponding to a dilution of approximately 20.0 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 General Meeting 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 General Meeting.

#### **Resolution to implement an incentive scheme for senior executives (item 17)**

The Major Shareholders propose that the AGM resolves to adopt an incentive scheme for senior executives employed within the Group as described below.

The proposed incentive scheme means that the participants, free of charge, will be allocated stock options. The options will be exercisable one third per year over the term of the scheme and the vesting of the options is contingent on the participant, except for the CEO, having been employed by the Group for at least 12 months from the date of grant of the options. In respect of the CEO, the first half of the 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 available for re-election as a board member, for at least 12 months from the date of grant of the options, and the second half of

the 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 available for re-election as a board member, for at least 24 months from the date of grant of the options. The options can be exercised to purchase shares in the Company no later than on 31 August 2020. Each option entitles the participant to purchase one share in Anoto Group AB at a price equal to 150 per cent of the average closing price of the Company's shares on Nasdaq Stockholm during the period from 19 June 2017 up to and including 29 June 2017.

The incentive scheme comprises a maximum of 106,000,000 stock options, representing approximately 3.7 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 CEO shall be 60,000,000 and to each of the other senior executives up to 20,000,000 stock options.

The Board of Directors shall be responsible for preparing the detailed terms and conditions of the incentive scheme, 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 scheme to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the Group, or its markets, result in a situation where the decided terms and conditions for exercising the options become inappropriate.

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

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 Shareholders consider that the adoption of the incentive scheme as described above is in the favour of the Group and the shareholders in the Company.

The incentive scheme 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 scheme is valid only where supported by shareholders holding not less than nine-tenth of both the shares voted and of the shares represented at the General Meeting.

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

The Major Shareholders propose that the AGM resolves to adopt an incentive scheme for the board members of the Company not being employed by the Group as described below.

The proposed incentive scheme means that the participants, free of charge, will be allocated stock options. The options will be exercisable one third per year over the term of the scheme and 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 allocation of the stock options. The options can be exercised to purchase shares in the Company no later than on 31 August 2020. Each option entitles the participant to purchase one share in Anoto Group AB at a price equal to 150 per cent of the average closing price of the Company's shares on Nasdaq Stockholm during the period from 19 June 2017 up to and including 29 June 2017.

The incentive scheme comprises a maximum of 18,000,000 stock options, representing approximately 0.6 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 10,000,000 and to each of the other board members not being employed by the Group up to 2,000,000 stock options.

The rationale for the proposal is to create opportunities to keep competent persons as board members in the Company. The Major Shareholders consider that the adoption of the incentive scheme as described above is in the favour of the Group and the shareholders in the Company.

The incentive scheme 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 scheme is valid only where supported by shareholders holding not less than nine-tenth of both the shares voted and of the shares represented at the General Meeting

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

To ensure delivery of shares to participants in the incentive schemes described under items 17 and 18 above, and to cover any social security costs related to the incentive scheme, it is proposed that the Board of Directors be authorised, on one or more occasions until the next AGM, to issue up to 124,000,000 warrants, representing approximately 4.3 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 subsidiary of the Company.

A valid resolution by the General Meeting 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 General Meeting.

#### **Other**

The complete proposals for resolutions in accordance with the above will be available at the Company's office in Lund and on the Company's web page, [www.anoto.com](http://www.anoto.com), no later than three weeks prior to the General Meeting 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 General Meeting 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 2 June 2017, the total number of shares and votes in the Company was 2,776,942,732. The Company is not holding any own shares.

Lund, June 2017

**Anoto Group AB (publ)**

The Board of Directors