

## **Invitation to Extraordinary General Meeting in Anoto Group AB (publ)**

The shareholders of Anoto Group AB (publ) (the “Company”) are hereby invited to attend the Extraordinary General Meeting (the “EGM”) to be held on Monday, 13 January 2020 at 9 a.m. at the premises of Setterwalls Advokatbyrå, Sturegatan 10 in Stockholm, Sweden.

### **Notification of participation**

Shareholders wishing to attend the EGM must

- be entered as shareholders in the share register maintained by Euroclear Sweden AB no later than on Tuesday, 7 January 2020,
- notify the Company of their intention to participate no later than on Thursday, 9 January 2020.

Attendance is to be notified by telephone +44 125 677 4400 or by e-mail to EGM@anoto.com. The notification should state name, social security number/corporate identification number and registered number of shares. To facilitate admittance to the EGM, proxies, registration certificates and other authorisation documents should be submitted to the Company by email to EGM@anoto.com no later than on 9 January 2020. The Company provides proxy forms 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 7 January 2020.

### **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. Resolution to implement an incentive scheme for employees of Knowledge AI
8. Resolution to approve transfer of shares of common stock in Knowledge AI to employees, officers and board members of Knowledge AI
9. Resolution to authorise the Board of Directors to issue new shares, warrants and/or convertible bonds
10. Closing of the Meeting

## **Proposals**

### **Resolution to implement an incentive scheme for employees of Knowledge AI (item 7)**

Nerthus Investments Ltd and Solt Works Co Ltd (together the “Major Shareholders”), representing in total approximately 17.3 per cent of the shares in the Company, propose that the EGM resolves to adopt an incentive scheme for employees and officers of, and consultants and advisors to, Knowledge AI Inc. (“Knowledge AI”), a subsidiary of the Company.

The purpose of the incentive scheme of Knowledge AI is to advance the interests of the shareholders of Knowledge AI by enhancing the company’s ability to attract, retain and motivate persons who are expected to make important contributions to the company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the shareholders of Knowledge AI. The Major Shareholders consider that the adoption of the incentive program as described herein is in the favour of the Group and the shareholders of the Company.

The proposed incentive program means that the participants will be granted stock options free of charge. The program comprises a maximum of 3,000,000 stock options, representing approximately 25% cent of the share capital and votes after dilution, based on the current number of shares in Knowledge AI. The number of stock options granted to the CEO shall be up to 1,000,000 options and the number of options for each of the members of the senior management and other key employees shall be between 65,000 and 1,000,000 options. Each member of the advisory board of Knowledge AI may be granted between 50,000 and 100,000 options.

The options will become exercisable as to 20% of the options on the first anniversary of the date of grant of the options and as to an additional 20% of the options at the end of each thereafter successive anniversary of the date of grant until the fifth anniversary of the date of grant. On the fifth anniversary of the date of grant, all options will be exercisable in full.

The options may not be exercised unless the participant, at the time he or she exercises the options, is, and has been at all times since the date of grant of the options, an employee or officer of, or consultant or advisor to, Knowledge AI or any parent or subsidiary of Knowledge AI (an “Eligible Participant”).

If the participant ceases to be an Eligible Participant for any reason, then, the right to exercise the options shall terminate three months after such cessation, provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise the options on the date of such cessation.

The stock options can be exercised to purchase common stock in Knowledge AI no later than on the tenth anniversary from the date of grant of the options minus one day, after which any outstanding options lapse. Each option entitles the participant to purchase one common stock in Knowledge AI at a price equal to fair market value at the date of grant of the options to be determined by the Board of Directors and, if the common stock is not publicly traded, using any measure of value it determines to be appropriate in a manner consistent with the valuation principles under Section 409A of the US Internal Revenue Code of 1986, as amended, and any regulations thereunder.

The Board of Directors of Knowledge AI 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 of Knowledge AI 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 Knowledge AI, or its markets, result in a

situation where the resolved terms and conditions for exercising the options are no longer appropriate.

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

The incentive scheme allows employees of Knowledge AI to be granted stock options entitling them to acquire shares in Knowledge AI, a subsidiary of 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 EGM.

**Resolution to approve transfer of shares of common stock in Knowledge AI to employees, officers and board members of Knowledge AI (item 8)**

The Board of Directors proposes that the EGM resolves to approve that the Company may transfer up to 2,000,000 shares of common stock in Knowledge AI to certain employees, officers (including Inhye Kim, the wife of Joonhee Won, the CEO of the Company and Knowledge AI), and board members of Knowledge AI, who has lent USD 1,500,000 to the Company. Payment for the shares of common stock of Knowledge AI shall be made by way of set-off against monies lent to the Company. The purchase price has been determined based on a valuation by Derivatvas, LLC. and shall amount to USD 0.75 per share. Inhye Kim will purchase 1,676,000 shares of common stock of Knowledge AI, Perry Ha, board member of the Company, will purchase 133,333 shares of common stock, and other employees of Knowledge AI will purchase between 5,000 and 40,000 shares of common stock.

The transfer of shares of common stock in Knowledge AI to employees, officers and board members of Knowledge AI fall within the scope of Chapter 16 of the Swedish Companies Act, which means that a resolution to approve the share transfer is valid only where supported by shareholders holding not less than nine-tenth of both the votes cast and the shares represented at the EGM. The Board of Directors also proposes that the transfers of shares of common stock to Inhye Kim and Perry Ha, as described above, are approved as related party transactions under Chapter 16a of the Swedish Companies Act.

**Resolution to authorise the Board of Directors to issue new shares, warrants and/or convertible bonds (item 9)**

The Board of Directors proposes that the EGM 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 ordinary shares, warrants and/or convertible bonds that involve the issue of or conversion into a maximum of 20,000,000 ordinary shares, corresponding to a dilution of approximately 11.7% 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 increase the flexibility of the Company to finance the ongoing business and at the same time broaden and strengthen the Company's shareholders base of strategic or long term investors. 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 EGM 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 EGM.

## **Other**

Documentation pursuant to Chapter 13, section 6 and Chapter 16a of the Swedish Companies Act (SFS 2005:551), will be available at the Company's office in Stockholm and on the Company's website [www.anoto.com](http://www.anoto.com), no later than 23 December 2019, and will be sent free of charge to 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 23 December 2019, the total number of shares and votes in the Company was 150,262,257. The Company is not holding any own shares.

Stockholm, December 2019

**Anoto Group AB (publ)**

The Board of Directors