

## **Proposal by the Board of Directors of Addtech AB (publ) for resolutions at the Annual General Meeting on 28 August 2020**

### **9b. Resolution with respect to disposition of the Company's profit according to the adopted Balance Sheet.**

The Board of Directors proposes that the profit is allocated so that MSEK 269 (336) is distributed to shareholders and that the remaining part of the Company's earnings, MSEK 168 (254), is carried forward.

This means that the Board of Directors proposes to distribute to the shareholders a dividend of SEK 4.00 (5.00) per share and that Tuesday the 1 September 2020 shall be the record date for receiving the dividend.

If the Annual General Meeting resolves in accordance with the proposal, the dividend is estimated to be transferred through Euroclear Sweden AB on Friday the 4 September 2020 to those who are registered in the share register on the record date.

### **16. Resolution regarding guidelines for remuneration to members of senior management**

The Board of Directors proposes that the Annual General Meeting passes a resolution on guidelines for remuneration to members of senior management with the following main terms:

The guidelines shall apply to remuneration agreed after the 2020 Annual General Meeting and to changes in already agreed remuneration that are made thereafter. The guidelines do not cover remuneration decided by the Annual General Meeting. In the case of employment relationships subject to rules other than Swedish, in the case of pension benefits and other benefits, appropriate adjustments may be made to comply with mandatory such rules or settled local practice, thereby satisfying as far as possible the overall purpose of those guidelines.

The guidelines shall apply to remuneration to the CEO and other members of Addtech's Group Management. The guidelines also apply to board members to the extent that they receive remuneration for services rendered to the company in addition to the board assignment. The company's provisions also apply, where appropriate, to the Group.

#### **The guidelines' promotion of the company's business strategy, long-term interests and sustainability**

A successful implementation of the company's business strategy and the exploitation of the company's long-term interests, including its sustainability, require Addtech to recruit and retain qualified employees. This requires the company to be able to offer competitive total compensation, which these guidelines allow. The total remuneration shall be market-based and competitive and shall be in relation to responsibilities and powers.

#### **The forms of compensation, etc.**

Remuneration shall be market-based and consist of the following components: fixed salary, any variable salary under separate agreement, pension and other benefits. In addition, the Annual

General Meeting may decide, and independently of these guidelines, on share and share price-related remuneration.

**Fixed salary**

The fixed salary shall consist of fixed cash salary and shall be reviewed annually. The fixed salary shall be competitive and reflect the requirements of the position in terms of competence, responsibility, complexity and the way in which it contributes to the achievement of business objectives. The fixed salary shall also reflect the performance achieved by the executive and thus be individual and differentiated.

**Variable salary**

In addition to fixed salary, the CEO and other senior executives may from time to time, according to a separate agreement, receive variable salary when fulfilling the agreed criteria. Any variable salary shall consist of annual cash salary, and may not exceed 40% of the fixed annual salary. In addition, an additional premium of 20 percent may be paid on the variable salary received that has been used for the acquisition of shares in Addtech AB.

In order to avoid unhealthy risk-taking, there should be a fundamental balance between fixed and variable pay. The fixed salary shall account for a sufficient part of the senior executive's total remuneration to allow the moving part to be reduced to zero. The variable salary shall be linked to one or more predetermined and measurable financial criteria established by the Board of Directors such as the Group's earnings growth, profitability and cash flow. By linking the remuneration of senior executives to the company's results, they promote the implementation of the company's business strategy, long-term value creation and competitiveness. The terms and calculation bases for variable salary shall be laid down for each financial year. Compliance with variable salary payment criteria shall be measurable over a period of one financial year. Variable salary is regulated the year after vesting.

At the end of the measurement period for compliance with variable salary payment criteria, it shall be assessed to what extent the criteria have been met. The Board of Directors is responsible for the assessment of variable cash compensation to the President. In the case of variable cash compensation to other senior executives, the CEO is responsible for the assessment. In the case of financial targets, the assessment shall be based on the most recently published financial information by the company.

Variable salary conditions may be designed in such a way that, in exceptional economic circumstances, the Board of Directors has the possibility to limit or refrain from paying variable salary if such a measure is deemed reasonable. In designing variable remuneration to senior management, the Board of Directors shall consider introducing reservations that (i) condition the payment of certain portions of such remuneration by the fact that the services on which the vesting is based prove to be sustainable over time, and (ii) allow the company to recover such benefits paid on the basis of information subsequently proven to be manifestly incorrect.

Additional variable cash compensation may be paid in extraordinary circumstances, provided that such extraordinary arrangements are time-limited and are made only at the individual level either for the purpose of recruiting or retaining executives, or as compensation for extraordinary work in addition to the person's ordinary duties. Such remuneration may not exceed an amount equal to 40 percent of the fixed annual salary and shall not be paid more than once a year and per individual. Decisions on such remuneration shall be taken by the Board of Directors on a proposal from the Remuneration Committee.

### **Pension**

For the CEO and other senior executives, pension benefits are paid in accordance with individual agreements. As a general rule, pension benefits, including health insurance, shall be defined contribution, the amount of the pension being determined by the outcome of the pension insurance policies taken out, but defined benefit pension solutions may occur in individual cases. Variable salary can be pensionable. The premiums for defined contribution pensions shall not exceed 40 percent of the pensionable salary. The pensionable salary corresponds to the fixed monthly salary multiplied by a factor of 12,2 and, where appropriate, variable salary. Wage waivers can be used for enhanced occupational pension through one-off pension provisions, provided that the total cost of the company becomes neutral.

### **Other benefits**

Other benefits, that could among other things include company car, travel benefit, supplementary health and care insurance, occupational health and wellness, shall be market-based and constitute only a limited part of the total remuneration. Premiums and other costs related to such benefits may total a maximum of 10 percent of the fixed annual salary.

### **Terms and conditions of termination**

All senior executives have to observe a notice period of six months. In the event of termination by the company, a notice period of a maximum of 12 months shall apply. In the event of termination by the company, senior executives may be entitled to, in addition to salary and other employment benefits during the period of notice, a severance pay equal to a maximum of 12 months fixed salary. The severance pay is not offset against other income. No severance pay shall be paid in the event of resignation by the employee.

In addition to severance pay, compensation for any restriction of competition may be paid. Such compensation shall compensate for any loss of income and shall be paid only to the extent that the former executive is not entitled to severance pay. The remuneration shall be based on the fixed salary at the time of dismissal and shall not exceed 60 percent of the fixed salary at the time of termination, subject to mandatory collective agreement provisions, and shall be paid for the period of the commitment to restrict competition, which shall be not more than 12 months after the termination of employment.

### **Remuneration to board members**

In special cases, Addtech's board members elected to the Board of Directors shall be able to be paid for positions in their respective areas of competence, which do not constitute board work, for a limited period of time. For these services (including services performed through a company wholly owned by the Board of Directors) shall be subject to a market fee provided that such services contribute to the implementation of Addtech's business strategy and the safeguarding of the company's long-term interests, including its sustainability. Such consultancy fees may never exceed the annual board fee for each member of the Board.

### **Salary and conditions of employment for employees**

In preparing the Board's proposal for these remuneration guidelines, the remuneration and conditions of employment of the company's employees have been taken into account by the fact that information on employees' total remuneration, the components of remuneration and the increase and rates of remuneration over time have been part of the decision-making of the Remuneration Committee and the Board of Directors in evaluating the fairness of the guidelines and the limitations resulting from them.

### **Preparation and decision-making process**

The Board of Directors has decided to set up a remuneration committee. The committee's tasks include: to prepare principles for remuneration to senior executives and the Board's decision on proposals for guidelines for remuneration to senior executives. The Board of Directors shall draw up proposals for new guidelines at least every four years and submit the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration to senior executives, the application of guidelines for remuneration to senior executives and current remuneration structures and levels of remuneration in the company. Remuneration to the CEO shall be decided by the Board of Directors following preparation and recommendation by the Remuneration Committee, within the framework of approved principles. On a proposal from the CEO, the Remuneration Committee decides on remuneration to other members of group management. The Board of Directors is informed of the remuneration committee's decision. The Board's consideration and decisions on remuneration-related matters do not include the CEO or other senior executives, to the extent that they are affected by the issues.

### **Share-based incentive programs decided by the Annual General Meeting**

The Board of Directors shall annually evaluate the need for share-based incentive programs and, if necessary, submit proposals for resolutions to the Annual General Meeting. Decisions on possible share and share price-related incentive programs aimed at senior executives shall be made by the Annual General Meeting and contribute to long-term value growth.

### **Depart of the guidelines**

The Board of Directors may decide to waive the guidelines in whole or in part if, in an individual case, there are special reasons for doing so and a deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, it is part of the remuneration committee's task to prepare the Board's decisions on remuneration issues, which includes decisions on deviations from the guidelines. Decisions on deviations from the guidelines shall be presented at the next Annual General Meeting.

### **Information on decided compensation that is not yet due for payment**

On June 10, 2019, new rules were introduced in the Swedish Companies Act regarding e.g. the formulation of guidelines for remuneration to senior executives. According to the transitional provisions to the new rules, the proposed compensation guidelines must contain information on previously decided compensation that is not yet due for payment. In addition to the commitments to pay current remuneration such as salary, pension and other benefits, there are no previously decided remuneration to any senior executive which has not fallen due for payment. For further information on remuneration to senior executives, see Note 6 in the Annual report for the financial year 2019/2020.

The above guidelines are a complete presentation of the proposal for a decision at the Annual General Meeting.

## **17. Resolution regarding issuing call options for repurchased shares and the transfer of repurchased shares to management personnel (the "2020 Share-Related Incentive Scheme")**

The Board of Directors proposes that the Annual General Meeting should pass a resolution to adopt a long-term incentive scheme, the 2020 Share-Related Incentive Scheme (the "Scheme"). The Scheme is

proposed to include approximately 25 members of management personnel within the Addtech Group in which the participants are being given the opportunity to acquire, at market price, call options relating to class B shares in Addtech AB (publ) (the "Company") repurchased by the Company, with the participants receiving a certain subsidy on premiums paid for the options after two years.

The proposal of the Board of Directors also means that the Annual General Meeting approves that the Company transfers – with deviation from the shareholders' preferential rights – up to 250,000 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). The Board of Directors' proposal ultimately means that the Annual General Meeting approves that the Series B shares that the Company acquired in accordance with previous authorization are allowed to be transferred in order to secure delivery of shares under the proposed Scheme. The company currently holds a total of 942,918 shares of series B in the Company.

This proposal has been prepared by the Company's Remuneration Committee in consultation with the Company's Board of Directors. The decision to propose the Scheme to the Annual General Meeting has been taken by the Board of Directors. The Company's directors are not included in the Scheme.

The Scheme involves the following main terms and conditions:

- a) The number of call options to be issued shall not exceed 250,000, corresponding to approximately 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company (shares class B held by the Company are included). Each call option entitles the holder to acquire one (1) repurchased class B share in the Company during the period from 4 September 2023 to 5 June 2024. Shares may not, however, be purchased during any such period when trading in the Company's shares is forbidden in accordance with regulation (EU) no 596/2014 of the European Parliament and of the Council of April 16 2014 on Market Abuse (or any other equivalent legislation which applies at any given time).
- b) The purchase price for shares upon exercise of the options shall correspond to 120 percent of the volume-weighted average of the price paid for the Company's B shares on Nasdaq Stockholm during the period from 31 August 2020 to 11 September 2020. If, at the time of subscription, the share price of class B shares in the Company exceeds 200 percent of the average price during the period 31 August 2020 until 11 September 2020, the exercise price will be increased in increments of SEK 1 for every SEK that the price by the amount that exceeds 200 percent.
- c) The right to acquire call options shall be granted to the Group Management and further approximately 20 members of management within the Addtech Group who are directly able to influence the Group's profits. The CEO shall be offered a maximum of 25,000 call options, other members of the Group management shall be offered a maximum of 20,000 call options per individual, and other management personnel will be offered a maximum of 10,000 call options.
- d) If a person who is entitled to an allocation refrains in full or in part from acquiring call options offered to them, such un-acquired call options shall be divided 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 come to acquire more than an additional 30 percent of the original number of call options offered in this manner.

- e) The Board of Directors 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 the employees within each category shall be offered to acquire.
- f) Notice of acquiring call options must be given no later than 16 September 2020.
- 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 measuring period for calculating the option premium will be based on the volume-weighted average of the price paid for the shares of class B in the Company on Nasdaq Stockholm during the period from 7 September 2020 until 11 September 2020.
- h) Issuing call options to employees outside Sweden is dependent on tax effects, that there is no legal impediment, and that the Board of Directors determines that such allocation can be carried out with reasonable administrative and financial resources. The Board of Directors shall be entitled to make such minor amendments to the Scheme as required by applicable foreign legislation and regulations.
- i) The call options are freely transferable.
- 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, new issues, a reduction in the share capital or similar actions. The time at which shares are transferred may be brought forward as a result of any merger or similar actions.
- k) In order to encourage participation in the Scheme, a subsidy can be paid corresponding to the premium paid for each call option. This subsidy shall in that case be paid during September 2022.
- l) The company has the right to repurchase the call options by the holder if the holder does not wish to use all acquired call options and has notified the Company about this. Acquisition of options shall occur at a price which at the time was equivalent to no more than the 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 the prevailing corresponding legislation.
- m) The Board of Directors shall, within the framework of the above conditions and policies be responsible for the preparation and management of the Scheme.

The costs of the Scheme consist of the subsidy paid during September 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 10.1 after corporate tax (calculated based on the prevailing market conditions on 10 July 2020). Against this subsidy, the option premium corresponds to a total of approximately MSEK 9.3 which the Company will receive on transferring the call options (calculated based on the prevailing market conditions on 10 July 2020), as a result of which the Scheme will not involve any material net charge to the Company's equity.

The reason for deviation from the shareholders' preferential rights and the Board of Directors' reasons for carrying out this Scheme is that senior management within the Addtech Group should be able to benefit from and strive for, through their own investment, an increase in the price of the Company's shares, thus more closely aligning the interests of senior managers and the Company's shareholders. The purpose of the Scheme is also to contribute towards management personnel increasing their long-term shareholdings in the Company. The Scheme is also expected to create conditions for retaining and recruiting competent personnel for the Addtech Group, to provide competitive remuneration and to align the interests of the shareholders and management. The



members of management included in the Scheme are the group that, in an otherwise heavily decentralized organization, can create positive effects through cooperation between the Group's subsidiaries. On the basis of this, the Board of Directors believes that the introduction of the Scheme will have a positive effect on the continued development of the Addtech Group, and that the Scheme will benefit both the shareholders and the Company.

The Company has three long-term incentive schemes since earlier, the 2017, 2018 and 2019 Share Related Incentive Schemes.

In the Share-based Incentive Scheme of 2017, there are a total of 300,000 outstanding call options, which entitles the acquisition of 300,000 shares of class B in the Company. The exercise price for these call options was set at SEK 178.50 per share and the exercise period covers the time from 14 September 2020 to 4 June 2021.

In the Share-based Incentive Scheme of 2018, there are a total of 300,000 outstanding call options, which entitles the acquisition of 300,000 shares of class B in the Company. The exercise price for these call options was set at SEK 232.90 per share and the exercise period covers the time from 6 September 2021 to 3 June 2022.

In the Share-based Incentive Scheme of 2019, there are a total of 300,000 outstanding call options, which entitles the acquisition of 300,000 shares of class B in the Company. The exercise price for these call options was set at SEK 321.80 per share and the exercise period covers the time from 5 September 2022 to 2 June 2023.

All underlying 900,000 shares of class B in the Company of outstanding options correspond in their entirety to the already repurchased class B shares in the Company.

The resolution proposed by the Board of Directors in accordance with 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.

#### **18. Resolution to authorize the Board of Directors to decide on the acquisition and transfer of own shares**

The Board of Directors proposes that the Annual General Meeting passes a resolution authorizing the Board of Directors to decide – during the period until the next Annual General Meeting – to acquire a maximum number of class B shares so that the Company's holding of own shares at any given time does not exceed 10 percent of the total number of shares outstanding in the Company. Acquisition shall be made on Nasdaq Stockholm in accordance with stock exchange regulations at a price within the, at each time, registered price interval, which is the interval between the highest purchase price and the lowest sale price. The acquisition will be paid in cash and must be made on one or several occasions.

The Board of Directors further proposes that the Annual General Meeting authorizes the Board of Directors – during the period until the next Annual General Meeting – to sell its own shares in ways other than on Nasdaq Stockholm. The authorization may be exercised on one or more occasions and covers all shares held by the Company at the time of the decision of the Board of Directors. The authorization includes the right to decide to deviate from shareholders' preferential rights and that payment may be effected in forms other than money.

The purpose of the authorization is to adapt the Group's capital structure and to enable companies or business operations to be acquired in the future through payment with own shares. The holding of own shares also safeguards the Company's obligations under the share-based incentive Scheme resolved at the Annual General Meeting in 2017, 2018 and 2019 and the Share-Related Incentive Scheme proposed under item 17 above.

The resolution proposed by the Board of Directors in accordance with point 18, must be approved by shareholders representing not less than two thirds of the votes cast and shares represented at the Annual General Meeting.

**19. Resolution regarding authorization for the board of directors to resolve on a new issue of up to 5 percent of the number of B-shares as means of payment during acquisitions**

With the purpose of enabling more company acquisitions, the board of directors proposes that the Annual General Meeting resolve to authorize the board of directors – during the period until the next following Annual General Meeting – to decide on the issue of new shares, on one or more occasions, in deviation from shareholders' preferential rights, against payment by set-off or with non-cash consideration. However, such issues may not cause the Company's registered share capital or the number of shares in the Company to increase by more than a total of 5 percent, based on the Company's registered share capital or the number of shares prior to exercise of the authorization. Set-off shall only be possible against claims in connection with payment for shares in companies acquired by the Company. Issues shall take place on market-related terms and conditions.

The board, or that the board appoints, shall have the right to make any adjustments in the decision required for registration.

The resolution proposed by the board of directors in accordance with item 19 must be approved by shareholders representing not less than two thirds of the votes cast and shares represented at the Annual General Meeting.

**20. Resolution regarding share split and related amendment to the Article of Association**

In order to obtain a suitable number of shares for the Company, the Board of Directors proposes that the Annual General Meeting resolves to:

- a) the number of shares in the Company is increased by dividing each share, regardless of series, into four (4) shares (so-called split), increasing the number of shares in the Company to 272,793,984, of which 12,885,744 shares of Series A and 259,908,240 shares of Series B, each share with a quotient value of approximately SEK 0.19,
- b) § 5 of the Articles of Association on the number of shares is amended as follows: "The number of shares shall be not less than one hundred and fifty million (150,000,000) and not more than six hundred million (600,000,000)."
- c) authorize the Board to decide on the record date for the split and to take the other measures required to carry out the split; and
- d) the board, or that the board appoints, shall have the right to make any adjustments in the decision required for registration with the Swedish Companies Registration Office or for Euroclear Sweden AB's handling.



*This is a translation of the Swedish original. In case of any discrepancies between this translation and the Swedish original, the latter shall prevail.*



The reasons for the proposals are that the Board wishes to increase the liquidity of the Company's shares, as a larger number of shares and a lower price of the share facilitate the sale of the Company's shares.

The resolution proposed by the board of directors regarding amendments to the Articles of Association must be approved by shareholders representing not less than two thirds of the votes cast and shares represented at the Annual General Meeting.

## **21. Resolution regarding other amendments to the Articles of Association**

Due to previously implemented legislative changes, the Board of Directors proposes that the Annual General Meeting resolves to amend §1 and §15 in the Articles of Association, as below.

The wording of §1 be amended from *"The registered name of the Company is Addtech Aktiebolag. Addtech is a public company (publ)"* to *"The business name of the Company is Addtech Aktiebolag. Addtech is a public company (publ)"*.

The wording of §15 be amended from *"The Company's shares shall be registered in a reconciliation register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479)"* to *"The Company's shares shall be registered in a reconciliation register in accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (SFS 1998:1479)"*.

Further, the Board of Directors proposes that the Annual General Meeting resolves to amend the Articles of Association, as below.

The wording of §13 be amended from *"Shareholders wishing to participate in the proceedings of a general meeting of shareholders must notify the Company of their intention to attend such meeting alone, or accompanied by not more than two assistants, not later than 3 p.m. on the day stipulated in the notice convening such general meeting of shareholders. The latter mentioned day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than five weekdays before the general meeting of shareholders"*.

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*"Shareholders wishing to participate in the proceedings of a general meeting of shareholders must notify the Company of their intention to attend such meeting alone, or accompanied by not more than two assistants, not later than on the day stipulated in the notice convening such general meeting of shareholders. The latter mentioned day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than five weekdays before the general meeting of shareholders"*.

The board, or that the board appoints, shall have the right to make any adjustments in the decision required for registration.

The resolution proposed by the board of directors in accordance with item 21 must be approved by shareholders representing not less than two thirds of the votes cast and shares represented at the Annual General Meeting.

*This is a translation of the Swedish original. In case of any discrepancies between this translation and the Swedish original, the latter shall prevail.*

**ADDTECH**

*Stockholm, July 2020*

***Addtech AB (publ)***

*The Board of Directors*