

## **Notification of Annual General Meeting of Clas Ohlson AB (publ)**

The shareholders of Clas Ohlson AB (publ) are hereby notified of the Annual General Meeting (“AGM”) to be held on Saturday, 8 September 2018 at 11:00 a.m. at Tegera Arena, address Arenavägen 9, in Leksand, Sweden. Registration will begin at 09:30 a.m. After the AGM, lunch will be served in a festive setting to mark the company’s 100th anniversary.

### **Registration and notification**

Shareholders who intend to participate in the AGM must:

- be listed in Euroclear Sweden AB’s printed shareholder register by Monday, 3 September 2018,
- notify Clas Ohlson AB (publ) of their intention to participate in the AGM not later than Monday, 3 September 2018; by post: Clas Ohlson AB (publ), AGM, c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm, by telephone: +46 247 446 00, via the company’s website <http://about.clasohlson.com>, or by e-mail: [agm2018@clasohlson.se](mailto:agm2018@clasohlson.se).

Registration must include the shareholder’s (or shareholder proxy’s) name, civil registration number/corporate registration number, address, telephone number, the number of shares represented and the number of advisers. Shareholders or their proxy are entitled to be accompanied by not more than two advisers. The number of advisers must be registered in advance in the same manner as the shareholder. Information submitted in connection with registration will be computerised and used exclusively for the AGM. See below for additional information on the processing of personal data.

### **Trustee-registered shares**

Shareholders who, through a bank or another trustee, have trustee-registered shares must re-register the shares in their own names to be entitled to participate in the AGM. To ensure that this registration is entered in the shareholder register on Monday, 3 September 2018, shareholders must request well in advance of this date that their trustees conduct such registration. The re-registration may be temporary.

### **Proxies**

Shareholders who wish to exercise their voting rights at the AGM by proxy must issue a dated power of attorney for the proxy in writing. Prior to the AGM, the power of attorney should be sent to the above-stated address. A power-of-attorney form is available for

downloading at <http://about.clasohlson.com> or alternatively, will be sent to those shareholders who so request and who provide their postal address. Representatives for legal entities are to provide a copy of the registration certificate or corresponding authorisation documents showing authorised signatories.

### **Number of shares and voting**

The number of Series A shares in the company totals 5,760,000 carrying 10 votes per share, corresponding to 57,600,000 votes, and the number of Series B shares totals 59,840,000 carrying one vote per share, corresponding to 59,840,000 votes. Accordingly, there are a total of 65,600,000 shares and 117,440,000 voting rights in the company. The company holds 2,382,206 Series B treasury shares, which may not be represented at the AGM.

### **Proposed agenda**

1. Opening of the AGM
2. Election of Chairman of the AGM (see below)
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two minutes checkers
6. Determination that the Meeting has been duly convened
7. Presentation of the Annual Report and Auditors' Report and the Consolidated Financial Statements and the Auditors' Report on the Consolidated Financial Statements for 2017/18
8. Statement by the CEO
9. Chairman of the Board's report on the work of the Board and the Remuneration and Audit Committees
10. Question time
11. Resolution concerning the adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet for 2017/18
12. Resolution concerning the disposition of the company's profits in accordance with the balance sheet adopted for 2017/18 and determination of the record date for the dividend (see below)

13. Resolution concerning the discharge of Board Members and the CEO from liability for the 2017/18 financial year
14. Determination of the number of Board Members, auditors and deputy auditors to be elected by the AGM (see below)
15. Determination of the fees to be paid to Board Members and the auditors, and remuneration for committee work (see below)
16. Election of Board Members, Chairman of the Board, auditors and any deputy auditors (see below)
17. The Board of Directors' motion concerning adoption of guidelines for remuneration and other terms of employment for senior management (see below)
18. The Board of Directors' motion concerning adoption of a long-term incentive plan ("LTI 2019") (see below)
19. The Board of Directors' motion concerning authorising the Board of Directors to make decisions on the company's acquisition and transfer of treasury shares and motion concerning the transfer of treasury shares (see below)
20. The Board of Directors' motion concerning amendments to the Articles of Association (see below)
21. Closing of the AGM

## **Item 2, Election of Chairman of the AGM**

The Nomination Committee proposes that Elisabet Salander Björklund be elected Chairman of the AGM.

## **Item 12, Resolution concerning the disposition of the company's profits in accordance with the balance sheet adopted for 2017/2018 and determination of the record date for payment of the dividend**

The Board of Directors proposes that the retained earnings at the disposal of the AGM, in an amount of 680,655,000 SEK, be allocated so that 410,000,000 SEK be paid as a dividend (6.25 SEK per share) and that 270,655,000 SEK be carried forward. The record date for payment of the dividend is proposed as 11 September 2018. If the AGM votes in accordance with this motion, it is estimated that the dividend will be distributed by Euroclear Sweden AB on 14 September 2018.

**Items 14–16, Resolutions concerning the number of Board Members, auditors and deputy auditors to be elected by the AGM, the fees to be paid to Board Members and the auditors, and remuneration for committee work and election of Board Members, Chairman of the Board, auditors and any deputy auditors**

The company's Nomination Committee, which was formed in accordance with a resolution on the nomination procedure passed at the AGM of 11 September 2010 and which comprises Jonas Bergh (Chairman), Erik Durhan, Göran Sundström, Ricard Wennerklint and Kenneth Bengtsson, proposes the following resolutions concerning Items 14–16.

The Nomination Committee proposes that the number of Board Members be eight and that one auditor and no deputy auditor be appointed (Item 14).

The Nomination Committee proposes that director fees, including fees for committee work, be paid in an amount of 3,425,000 SEK and be distributed as follows: 640,000 SEK per year to the Chairman of the Board and 320,000 SEK per year to each of AGM-elected non-executive Board members. The Nomination Committee also proposes that remuneration of members of the Audit Committee be paid in an amount of 145,000 SEK to the Chairman of the Audit Committee and 75,000 SEK to each of the other members of the Committee (currently two (2) members), and that remuneration of the Remuneration Committee be paid in an amount of 125,000 SEK to the Chairman of the Remuneration Committee and 62,500 SEK to each of the two (2) other members of the Committee. The fees are unchanged compared with the preceding year. Any decisions by the Board to adjust the number of committee members will also affect the total director fees. Fees are paid as salary.

It is proposed that audit fees during the auditors' period in office be paid on a current-account basis in return for company-approved invoices (Item 15).

The Nomination Committee proposes the re-election of Board members Kenneth Bengtsson, Mathias Haid, Charlotte Strömberg, Göran Sundström, Göran Näsholm and Anne Thorstvedt Sjöberg. Cecilia Marlow has stated that she will not be standing for re-election after eleven (11) years on the Board. Ros-Marie Grusén has stated that she will not be standing for re-election after two (2) years on the Board. Margareta Lehmann and Håkan Lundstedt are proposed as new members of the Board.

The Nomination Committee proposes that Kenneth Bengtsson be re-elected as Chairman of the Board.

The Nomination Committee proposes that Deloitte be appointed the company's auditor for the period from the close of the 2018 AGM until the close of the 2019 AGM (Item 16).

Margareta Lehmann, born 1958, is the President, Health and Medical Solutions, at Essity (part of SCA until 2017) and has previously held a number of leading positions within SCA

and Mölnlycke and been a board member of Sanitec. Håkan Lundstedt, born 1966, is the CEO and managing director of Synsam and has previously been the CEO of Mekonomen and Lantmännen, and held a number of senior roles with Orkla. He is currently a board member with Carl Edmond and the Venue Retail Group.

### **Item 17, The Board of Directors' motion concerning adoption of guidelines for remuneration and other terms of employment for senior management**

The Board of Directors proposes that the AGM approve the principles detailed in this item that will apply to remuneration and other employment terms for the CEO and Clas Ohlson's Group Management (Senior Management).

The guidelines for remuneration and other employment terms for Senior Management at Clas Ohlson have been established, with the overall objective to support Clas Ohlson's business strategy and the company's financial goals. Clas Ohlson intends to offer remuneration levels that will attract, retain and motivate key individuals whose roles are to achieve our overall objectives. Guidelines for remuneration of Senior Management cover the President and CEO, as well as other members of Group Management.

#### Total remuneration

Total remuneration is to be based on position and be attractive and competitive in the country of employment.

The company believes that a balanced remuneration structure will provide Senior Management with the incentive to focus on creating long-term shareholder value, while the company will have the opportunity to offer cash incentives for the achievement of short-term performance objectives. The total remuneration comprises:

- fixed annual basic salary
- variable performance-based remuneration
  - annual cash remuneration based on annual performance targets
  - long-term share-based remuneration based on three-year performance targets or longer
- pension and health benefits
- other benefits that are common in the country of employment

Clas Ohlson aims to offer a competitive total level of remuneration, focusing on payments based on performance. The objective is that the fixed annual basic salary will be on par with or around that of the competitive market. When Clas Ohlson achieves or exceeds the established performance objectives, the total remuneration is to be on par with or around

the upper quartile of the competitive market. This means that the variable remuneration may comprise a significant portion of the total remuneration.

The market is defined mainly by the companies with which Clas Ohlson competes in order to attract and retain Senior Management.

Total remuneration of the President and CEO is resolved by the Board of Directors following recommendation by the Remuneration Committee. For other Senior Management, remuneration is determined by the Remuneration Committee based on proposals from the President and CEO, within the framework of the decisions by the Board of Directors.

#### Remuneration of Board members

Should a Board member perform work for Clas Ohlson, in addition to the Board work, and if there are special reasons, a consultant's fee and other remuneration could be approved for such work following decisions by the Board of Directors. The fees are paid in the form of salary or by invoice.

#### Fixed annual basic salary

The fixed annual basic salary is to constitute the basis for total remuneration. The salary is to be related to the relevant competitive market and reflect the extent of the responsibilities included in the position.

Adjustment of the fixed basic salary is to be based on the general wage negotiation in the competing market and the performance level of the member of Senior Management.

Fixed basic salary is reviewed annually to reward individual performances and ensure continued competitiveness.

#### Variable performance-based remuneration

Variable performance-based remuneration may comprise a significant portion of the total remuneration for members of Senior Management. Common for this type of remuneration is that it is to be measured against set and predetermined goals. The goals are to be based on operating financial or individual objectives and are to support long-term shareholder value.

The company's two variable incentive programmes for Senior Management take into account both short and long-term performance.

#### Short-term incentives, STI

Short-term incentive, STI, is paid annually for efforts that fulfil or surpass predetermined performance levels during a financial year. Performance objectives are established

annually by the Board of Directors or by senior executives appointed by the Board. The measurable performances are to be financial, operative or individual and related to the business plan. Remuneration paid from the STI plan has a ceiling, normally expressed in percentage (max 50 per cent) of the fixed annual basic salary. Insofar as performance does not match the lowest acceptable performance level, no STI remuneration will be paid.

The Board is entitled to reclaim such remuneration approved or disbursed on the basis of information that later proves to be obviously incorrect or on performance that proved to be unsustainable over time.

The cost of the STI paid to Senior Management is estimated to range from between 0 SEK to a maximum of 11.4 MSEK. This amount includes the anticipated cost of social security contributions.

#### Long-term incentives, LTI

At Clas Ohlson, share-based long-term incentive plans are an integral part of the total remuneration, which aims to reward the successful implementation of the company's strategy and the creation of long-term shareholder value.

The objective is to unite the long-term interests of shareholders and Senior Management, while the opportunity for share-based remuneration also creates the potential to attract and retain members of Senior Management.

The Board of Directors nominates participants for the LTI programme. The Board of Directors will annually evaluate whether or not long-term incentive plans will be proposed at future AGMs.

#### Pension plan and health insurance

Pension agreements will, as a rule, be defined-contribution schemes and formulated in accordance with levels and practice applicable in the country in which the member of Senior Management is employed.

Other benefits may occur in accordance with the terms applicable in the country in which the member of Senior Management is employed. However, such benefits may not constitute a major proportion of the total remuneration. Health insurance is to be offered to Senior Management.

#### Period of notice and severance pay

In the event employment is terminated on the initiative of the company, fixed salary and severance pay during the period of notice may not exceed an amount corresponding to the fixed annual basic salary for two years. During the period of notice, the objective is that the member of Senior

Management must be prevented from working in a competing business. In certain cases, prohibition of competition in return for continued remuneration may be applied for a maximum period of 24 months following expiry of the period of notice.

#### Other

The Board is entitled to disregard the guidelines if warranted in specific cases.

#### Deviations from the 2017 guidelines

Remuneration, in addition to variable remuneration (STI), amounting to a total of 926,300 SEK was paid in cash to a number of senior executives in accordance with the opportunities stipulated in the guidelines on remuneration of senior executives, as approved by the 2017 AGM, to deviate from these guidelines where warranted by specific reasons. Such specific reasons were the extraordinary efforts resulting from the work on the company's new strategy in the autumn, winter and spring (2017-2018) and that was adopted by the Board in May 2018. The review of the new strategy commenced after the 2017 AGM. The work associated with the review was thus not encompassed by the targets established for the variable remuneration programme (STI) and was not taken into account in the guidelines on remuneration of senior executives approved by the 2017 AGM. Another special reason for the cash payment was the need to ensure that the company can retain key senior executives.

#### Previously approved but as yet unpaid remuneration

The main terms and conditions for remuneration of Senior Management in the current employment contracts are presented in Note 6 of the Annual Report for 2017/18.

### **Item 18, The Board of Directors' motion concerning adoption of a long-term incentive plan (LTI 2019)**

Resolutions pursuant to this item, Item 18, are contingent on the AGM passing resolutions in accordance with the Board's proposals under Item 19 below.

#### Summary of the plan

The Board of Directors proposes that the AGM resolve to adopt a long-term incentive plan (LTI 2019). It is proposed that LTI 2019 encompass a maximum of 100 participants (Participants), comprising two groups, (1) a maximum of 20 members of senior management including the CEO, Group Management and country managers or corresponding positions elected by the Board, regarded as having considerable potential in their present position to influence Clas Ohlson's long-term development (Senior Management) and (2) up to 80 other employees who could develop into members of senior management or assume other key positions within the Group and thus influence Clas Ohlson AB's long-term development (Key Individuals).



## **1. Senior management**

Under LTI 2019, members of Senior Management will acquire during the period of 2–10 May 2019 (the Acquisition Period) Series B shares in Clas Ohlson at market price on Nasdaq Stockholm at a value corresponding to at least 3 and a maximum of 10 per cent of their annual fixed salaries.

The private investment will subsequently be matched by the company allotting free of charge restricted share awards and conditional performance-based employee stock options subject to the following principles. Employee stock options and share awards are allotted five days after the end of the Acquisition Period (the Start Date). After which, a portion of the remuneration of the members of senior management will be dependent on Clas Ohlson AB's long-term share price performance. A condition for the exercise of the share awards and employee stock options is that the member of Senior Management retains his/her invested shares and, with certain exceptions, remains employed from the Start Date up to and including 30 April 2022 (the Qualification Period). For each Series B share acquired within the framework of LTI 2019, the company will allot a share award plus a number of preliminary employee stock options. Matching will be based on the number of shares invested in by the member of Senior Management at the ordinary stock-market price prevailing at the time of purchase. Each share award entitles the holder to receive one Series B share in the company free of charge and each exercisable employee stock option entitles the holder to acquire one Series B share in the company (read more below under the heading "Employee stock options"). The number of shares may be subject to recalculation due to such events as bonus issues, share splits, rights issues and similar measures.

### Share awards

The following terms are to apply to share awards:

- Entitlement to Series B shares in the company is conditional, subject to certain exceptions, on the member of Senior Management having been continuously employed by the Clas Ohlson Group throughout the Qualification Period and having retained his/her private investment in the shares (see above).
- Allotted free of charge.
- The share awards may be exercised as of 30 April 2022.
- The share awards do not provide entitlement to receive dividends on the underlying shares during the Qualification Period.
- Non-transferrable.
- May be issued by the company or other Group companies.

## Employee stock options

The following terms are to apply to employee stock options:

- Exercise of the options is conditional, with certain exceptions, on the member of Senior Management's continued employment by the Clas Ohlson Group at the time of exercise, and having retained his/her private investment in the shares throughout the Qualification Period (see above).
- Allotted free of charge.
- Each exercisable employee stock option entitles the holder to acquire one series B share in the company. The acquisition price of the shares when the options are exercised is to correspond to 100 per cent of the volume-weighted average of the most recent price paid for Series B Clas Ohlson shares on Nasdaq Stockholm during a period of ten trading days prior to the first day of the Acquisition Period.
- The employee stock options are exercisable as of 15 June 2022 and may be exercised not later than 22 April 2026.
- The share awards do not provide entitlement to receive dividends on the underlying shares.
- Non-transferrable.
- May be issued by the company or other Group companies.

The number of employee stock options that may be exercised for acquiring shares depends on the number of Series B shares acquired by the member of senior management and the fulfilment of certain target levels established by the Board regarding the company's performance, growth and results during the Qualification Period. The performance levels established are Entry, Target, Stretch and Max. The following number of qualified performance-based employee stock options could be exercised by members of Senior Management depending on the degree of fulfilment of the performance levels.

- Entry: five employee stock options/acquired Series B shares
- Target: ten employee stock options/acquired Series B shares
- Stretch: 15 employee stock options/acquired Series B shares
- Max: 25 employee stock options/acquired series B shares (this level is conditional upon the existence of a specific situation and a single member of Senior Management fulfilling the exceptional tasks resolved by the Board).

Should the threshold level, Entry, not be attained, no employee stock options will be allotted.

The number of performance-based employee stock options that may be exercised is thus limited to 25 options per invested Series B share (Max).

The total scope of LTI 2019 may never exceed the number of shares indicated under the heading "Distribution" below.

## **2. Key Individuals**

LTI 2019 entails that Key Individuals on the Start Date (see definition under Item 1 above) receive an allocation of conditional performance-based employee stock options free of charge. The number of allotted employee stock options corresponds to the number of shares, which, at the prevailing market price on the Start Date, correspond to a value of a minimum of 3 per cent and a maximum of 10 per cent of the Key Individual's annual fixed salary. The following terms are to apply to employee stock options:

- Exercise of the options is conditional, with certain exceptions, on the Key individual's continued employment by the Clas Ohlson Group.
- Allotted free of charge.
- Each exercisable employee stock option entitles the holder to acquire one series B share in the company. The acquisition price of the shares when the options are exercised is to correspond to 100 per cent of the volume-weighted average of the most recent price set for Series B Clas Ohlson shares on Nasdaq Stockholm during a period of ten trading days prior to the first day of the Acquisition Period (see definition under Item 1 above).
- The employee stock options are exercisable as of 15 June 2022 and may be exercised not later than 22 April 2026.
- The share awards do not provide entitlement to receive dividends on the underlying shares.
- Non-transferrable.
- May be issued by the company or other Group companies.

The number of employee stock options that may be exercised for acquiring shares depends on the calculated number of initial shares calculated to the Key Individual on the Start Date and the fulfilment of certain target levels established by the Board regarding the company's performance, growth and results during the Qualification Period. The three performance levels that were established are Entry, Target and Stretch. The following

number of qualified performance-based employee stock options could be exercised by Key Individuals depending on the degree of fulfilment of the performance levels.

- Entry: Five employee stock options/calculated number of initial shares on the Start Date
- Target: Ten employee stock options/calculated number of initial shares on the Start Date
- Stretch: 15 employee stock options/calculated number of initial shares on the Start Date

Should the threshold level, Entry, not be attained, no employee stock options will be allotted.

The number of performance-based employee stock options that may be exercised is thus limited to 15 options per calculated initial shares on the Start Date (Stretch).

The total scope of LTI 2019 may never exceed the number of shares indicated under the header "Distribution" below.

#### Design and management

The Board of Directors, or a special committee appointed by the Board, is to be responsible for the detailed design and management of the incentive programme, within the framework of the conditions and guidelines stipulated. In this connection, the Board is entitled to make adjustments to fulfil specific rules or market conditions abroad. The Board of Directors is also entitled to make other adjustments should significant changes take place in the Clas Ohlson Group or its business environment that would entail that the approved conditions for matching and the opportunity to exercise share awards and employee stock options under the incentive programme are no longer practicable. The Board is also entitled to adjust the interval for the Acquisition Period for individual Participants, to the extent the Participant is covered by trade embargo regulations when the Acquisition Period occurs.

#### Allocation

It is proposed that LTI 2019 consist of not more than 656,000 Series B shares (see the heading "Programme's scope and costs" below). Under LTI 2019, members of Senior Management will acquire during the Acquisition Period Series B shares in Clas Ohlson AB at market price on Nasdaq Stockholm at a value corresponding to at least 3 per cent and a maximum of 10 per cent of their annual fixed salaries. Following this, the investment will be matched by the company through the allocation of restricted share awards, free of charge, and conditional performance-based employee stock options, and Key Individuals will be allocated conditional performance-based employee stock options at an allocation value of up to 10 per cent of their annual fixed salaries (according to the principles in Items

1-2 above). Vesting of employee stock options between the Entry and Stretch performance levels occurs straight line. Should the threshold level, Entry, not be attained, no employee stock options will be allotted.

Should the share price decline to such an extent that Series B shares are acquired by members of Senior Management at a price resulting in LTI 2019 encompassing more shares than the proposed scope, allotment will be reduced proportionately in accordance with principles determined by the Board of Directors.

#### Scope and cost of the programme

Assuming a price of 73 SEK per Series B share that is acquired by members of Senior Management as a private investment within the framework of LTI 2019, it is estimated that the number of shares – at a maximum investment rate of 10 per cent, attainment of the highest performance level (Max and Stretch, respectively, see above concerning Senior Management and Key Individuals), and full exercise of share awards and employee stock options of all Participants – will not exceed 1 per cent of the total number of shares in the company. The corresponding figure at a 3 per cent investment is a maximum of 0.31 per cent of the total number of shares in the company. In the event of an investment of 10 per cent and attainment of the threshold level (Entry), it is estimated that the number of shares will not exceed 0.37 per cent of the total number of shares. The corresponding figure at a 3 per cent investment is a maximum of 0.12 per cent of the total number of shares.

The LTI 2019 will be recognised in accordance with IFRS 2 Share-based Payment. IFRS 2 prescribes that share awards and employee stock options have to be expensed as a personnel cost across the Qualification Period. Based on prevailing market conditions and assuming that the dividend is unchanged (6.25 SEK per share) and that personnel turnover among nominated members of Senior Management and Key Individuals is 5 per cent, the accounting cost as specified in IFRS 2 is estimated to amount to 4.1 MSEK on condition that members of Senior Management have acquired shares in Clas Ohlson AB corresponding to 6.5 per cent of basic salary, that the share price at the date of acquisition is 73 SEK and that the performance targets Max and Stretch, respectively, have been achieved. If all members of Senior Management acquire shares for 10 per cent of their basic salary and the performance ceilings Max and Stretch are achieved, the accounting cost as specified by IFRS 2 is expected to amount to 6.3 MSEK. The costs will be allocated across the three-year Qualification Period. Social security contributions will be added and will depend on the share price trend and the attainment of performance targets.

The market value of performance-based employee stock options at the starting date was calculated at 8 SEK per option by Willis Towers Watson in June 2018 using the binomial method.

The present value of the options has been discounted using a five-year government bond yield of -0.03 per cent. The calculation has also taken into consideration the estimated

time of use and anticipated dividends during the duration of the plan. The target price is set at 100 per cent of the volume-weighted average price paid for the company's Series B share as established on the Nasdaq Stockholm over a period of ten trading days prior to the start of the Acquisition Period.

The acquisition price of the shares when the options are exercised is to correspond to 100 per cent of the volume-weighted average of the most recent price paid for Series B Clas Ohlson shares on Nasdaq Stockholm during a period of ten trading days prior to the first day of the Acquisition Period.

A starting price of 73 SEK was used in the calculation. The final value will be calculated at the starting date of LTI 2019. In addition, the market value of the share awards has been estimated by Willis Towers Watson, based on a share price corresponding to 73 SEK at the date of allocation and an annual dividend of 6.25 SEK, to amount to 54 SEK, in which the fact that the present-value calculated dividend is not to be paid to members of Senior Management and Key Individuals has been taken into account.

LTI 2019 extends over a period of seven years in total. Assuming that the share price rises by 4 per cent per year, the future share price will amount to 96 SEK, equal to a value increase of 23 SEK per share. If all members of senior management invest 10 per cent of their fixed annual salary and acquire Clas Ohlson shares at a market value corresponding to 73 SEK each and Key Individuals are allocated employee stock options corresponding to 10 per cent of their fixed salaries, and that the performance ceiling is achieved (Max and Stretch, respectively), the value of the LTI 2019 plan is estimated to be 17 MSEK. Social security contributions are estimated at 5 MSEK. Payment of future social security contributions is covered by the proposed buyback programme (Item 19). During the same period, it is estimated that the market value of the company will have increased by 1.5 billion SEK (share price increase of 23 SEK per share \* 65.6 million shares).

The Board proposes a buyback programme (Item 19 on the Notification of the AGM) in order to provide the company with the opportunity to transfer treasury shares to members of Senior Management and Key Individuals, as described above, and to also use repurchased shares to ensure sufficient liquidity for the payment of future social security contributions associated with proposed and implemented incentive programmes. The administrative work required for handling the plan must be reasonable in relation to the programme's design and scope and be subject to approval by the Board of Directors. Since it is not intended to issue any new shares as a result of the plan, the company's registered share capital and voting rights will not be subject to dilution.

#### Reasons for the motion

The purpose of the proposed incentive programme is to create potential to retain and recruit competent personnel to the Group. LTI 2019 has been designed because it is

considered desirable that in future, members of Senior Management and Key Individuals will become shareholders of Clas Ohlson to a greater extent than today, which is expected to have a positive impact on their long-term work performance and harmonise interests of Participants and shareholders. Connecting remuneration of members of Senior Management and Key Individuals for work performed and rewards to the company's profit and value development will continue to promote company loyalty and thus sustainable value growth in the company. LTI 2019 has also been designed to ensure that the remuneration paid to the Participants will be competitive in comparison with other comparable companies in the industry. Against this background, the Board believes that the introduction of LTI 2019 will have a positive effect on the Clas Ohlson Group's continued development and that LTI 2019 is thus beneficial to both shareholders and the company.

#### Drafting of the matter

Pursuant to guidelines set out by the Remuneration Committee, the incentive programme has been drafted by the management of Clas Ohlson AB in consultation with external advisers. The incentive programme was addressed at Board meetings during the spring and summer of 2018.

#### Other outstanding incentive programmes

A summary of the company's other incentive programmes is presented in Note 6 of the 2017/18 Annual Report and on the company's website. Apart from the described plans, there are no other incentive programmes in the company.

#### Majority requirements

To be valid, AGM resolutions in accordance with Item 18 must be supported by shareholders representing at least half of the votes cast at the AGM.

#### **Item 19, The Board of Directors' motion concerning authorising the Board to make decisions on the company's acquisition and transfer of treasury shares and motion concerning the transfer of treasury shares**

The Board of Directors' motion in accordance with this Item 19 is conditional upon the AGM first passing resolutions in accordance with Item 18 above.

##### A. Acquisition of treasury shares

The Board of Directors proposes that the AGM resolve to authorise the Board, during the period up to the next AGM, to make decisions concerning the company's acquisition of shares in the company as follows.

1. A maximum of 860,000 Series B shares may be acquired.

2. The shares may be acquired on Nasdaq Stockholm.
3. Shares obtained through trading on Nasdaq Stockholm may only be acquired at a price per share that at every point of time is within the registered span of share prices.
4. Payment for the shares must be made in cash.

Acquisitions may occur to safeguard the company's commitments (including social security contributions) resulting from LTI 2019 and earlier implemented incentive programmes.

#### B. Transfer of treasury shares

The Board of Directors proposes that the AGM resolve to authorise the Board, during the period up to the next AGM, to make decisions concerning the transfer of shares in the company as follows.

1. A maximum of the Series B shares held at the time of the Board of Directors' decision may be transferred.
2. The shares may be transferred via Nasdaq Stockholm.
3. Transfer of shares on Nasdaq Stockholm may only occur at a price per share that at every point of time is within the registered span of share prices.
4. Payment for the shares must be made in cash.

The reason underlying the Board of Directors' motion is to provide the company with an opportunity to continuously adapt the number of shares acquired to safeguard commitments (including social security contributions) within the framework for LTI 2019 and earlier implemented incentive programmes.

#### C. Transfer of treasury shares

The Board of Directors proposes that the AGM resolve upon a transfer of shares in the company as follows.

1. A maximum of 656,000 Series B shares may be transferred.
2. Entitlement to receive shares is to accrue to the Participants, with each Participant entitled to receive at most the number of shares that result from the conditions for LTI 2019.
3. The Participants will be entitled to exercise their right to acquire shares no earlier than 30 April (regarding share awards) and 15 June 2022 (regarding employee stock options) and no later than 22 April 2026 (regarding employee stock options).



4. The Participants' entitlement to receive shares is subject to fulfilment of all of the conditions established for the plan.
5. Transfer of share awards issued in accordance with LTI 2019 will occur free of charge.
6. Transfer of shares based on employee stock options issued in accordance with LTI 2019 will occur at a price corresponding to 100 per cent of the volume-weighted average price paid for the company's Series B share as established on Nasdaq Stockholm over a period of ten trading days prior to the start of the Acquisition Period.
7. In accordance with the terms and conditions for the plan, the number of shares that may be subject to transfer under LTI 2019 may become subject to recalculation due to such events as bonus issues, splits, rights issues and similar measures.
8. Payment for the acquired shares must be made no earlier than 15 June 2022 and no later than 10 May 2026.

The transfer of treasury shares and the reason for disapplying the shareholders' preemptive rights are a feature of LTI 2019 proposed by the Board under Item 18.

#### **Item 20, The Board of Directors' motion concerning amendment of the Articles of Association**

The Board of Directors proposes that the 2018 AGM resolve on the amendment to the Articles of Association, proposed below, regarding Article 13 in the Articles of Association (Post-sale purchase), to the following wording (strikethroughs indicate current text to be deleted and underlines indicate new text):

##### 13. Post-sale purchase

If a Series A share has been transferred to someone other than an heir or a person who was not previously a holder of Series A shares in the Company in a manner other than through inheritance, estate distribution, will or as a gift, the said share shall immediately be offered for post-sale purchase to the other Series A shareholders through written notice to the Company's Board of Directors. The manner of acquisition of the share shall then be verified and, if the share was transferred by a purchase, information shall be provided on the conditional purchase price. As an exception, Series A shares may be transferred to a Swedish or foreign legal entity either directly or indirectly wholly owned by the transferring shareholder themselves and/or by their heirs, without post-sale purchase occurring in accordance with the above. A legal entity of this type may also, without triggering an obligation for post-sale purchase, transfer Series A shares to its owners and to another Swedish or foreign legal entity either directly or indirectly wholly owned by the shareholder making the original transfer and/or by their heirs.

A smaller number of shares than is encompassed by post-share purchase may be redeemed.

When notice has been filed about transfer of the Series A shares, it is incumbent upon the Board of Directors to immediately notify in writing each party with post-sale purchase rights, whose address is entered in the shareholder register, or is otherwise known to the Company, requesting those who wish to exercise their purchase right to submit a purchase claim to the Company within two months from the date of the notice to the Board of Directors of a transfer of shares.

If several parties with post-sale purchase rights issue purchase notices, the preferential rights among them shall be determined by drawing lots by a notary public. If several shares are offered for sale at the same time, however, shares shall first be distributed evenly as far as possible among those who wish to exercise post-sale purchase rights in relation to their earlier holdings of Series A shares.

When shares have been acquired through purchase, the redemption amount shall be equal to the purchase price, but otherwise an amount which in the case of disagreement is determined by arbitration in accordance with the stipulations of the Swedish Arbitration Act (1999:116). The redemption amount shall be paid within one month from the time when the redemption amount was determined.

If the acquirer and the person requesting to be allowed to redeem the shares cannot agree on the matter of redemption, the person who requested the redemption may bring action within two months from the date the redemption claim was presented to the Board of Directors. Disputes will be reviewed in the order prescribed by the Swedish Arbitration Act (1999:116).

If no party with post-sale purchase rights issues a purchase claim, or if redemption is not paid for within the prescribed period of time, the share offered for post-sale purchase shall be automatically converted into a Series B share, after which the party who has offered the share for post-sale purchase shall be entitled to be registered as the owner of the shares.

### **Shareholders' right to request information**

At the AGM, if requested by a shareholder and deemed possible without occasioning material damage to the company, the Board of Directors and President are to provide information on conditions that could impact an item on the agenda, or conditions that could impact the assessment of the financial situation of the company (or subsidiaries) or the company's relationship to other Group companies (meaning, the right to request information pursuant to Chapter 7, Section 32 of the Swedish Companies Act).

## **Majority requirements**

To be valid, resolutions by the AGM in accordance with Items 19 A and 19 B above must be supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the AGM. To be valid, resolutions by the AGM in accordance with Item 19 C above must be supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the AGM. To be valid, resolutions by the AGM in accordance with Item 20 above must be supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the AGM, provided that the owners of at least half the Series A shares and nine tenths of the Series A shares represented at the AGM consent to the resolution.

## **Complete proposals**

The Nomination Committee's complete proposals concerning resolutions under Items 2 and 14-16 and the Board of Directors' complete motions concerning resolutions under Items 12 and 17–20 are presented above.

The accounting documentation and audit report pertaining to the 2017/18 financial year, the Board of Directors' statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act concerning the distribution of profits and in accordance with Chapter 19, Section 22 of the Swedish Companies Act concerning authorisation for the acquisition of treasury shares, as well as the auditor's statement pursuant to Chapter 8, Section 54 of the Swedish Companies Act concerning compliance with the guidelines for remuneration of senior management will be made available at the company no later than 17 August 2018 and will also be sent by post to shareholders who provide their postal address.

All of the documents specified under the above heading will be made available in an electronic format on the company's website, [about.clasohlson.com](http://about.clasohlson.com), as of 6 August 2018.

## **Processing of personal data**

For information on how your personal data is processed, see [about.clasohlson.com](http://about.clasohlson.com) under the heading "Annual General Meeting 2018".

## **100 Years of Clas Ohlson**

After the AGM, lunch will be served in a festive setting to mark the company's 100th anniversary. For more information on this, see [about.clasohlson.com/arsstamma2018](http://about.clasohlson.com/arsstamma2018) or contact us on +46 247 444 00.

Clas Ohlson AB (publ)

Board of Directors

For further information, please contact:

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***Clas Ohlson** was founded in 1918 as a mail order business based in Insjön, Sweden. This year, we are celebrating 100 years as a business with customers in five markets, approximately 5,000 co-workers and annual sales of approximately 8 billion SEK. Our share is listed on Nasdaq Stockholm. A lot has happened since the start in 1918, but one thing has remained the same over the years; that we want to help and inspire people to improve their everyday lives by offering smart, simple, practical solutions at attractive prices. Read more about our history on [clasohlson100.com/en](https://clasohlson100.com/en) or visit [about.clasohlson.com](https://about.clasohlson.com) for current events and information.*