

## Notice to attend the Annual General Meeting of Lagercrantz Group AB (publ)

The shareholders of Lagercrantz Group AB (publ) ("the Company") are hereby given notice to attend the Annual General Meeting to be held at 4.00 p.m., on Tuesday, 25 August 2020, at IVA's Conference Centre, Grev Turegatan 16 in Stockholm.

### Information in connection with Covid-19

In light of the ongoing spread of the Covid-19 virus, a number of safety measures will be taken in connection with the Annual General Meeting (AGM), in order to reduce the risk for shareholders and others who participate in the AGM:

- Registration will only take place from 15.30.
- No mingle will be held after the AGM and no drinks or refreshments will be served.
- The company's Board of Directors and Group Management will not be present, with a few exceptions, including the Chairman of the Board and the President.
- The number of officials and employees at the AGM will be minimised.
- External guests will not be invited.
- The President's address will be shortened.
- Our officials will arrange the seating at the AGM in such a way that the risk for spread of infection is minimised.
- In view of the risk of infection, the company advises against attendance in the AGM venue and recommends the shareholders to participate through postal voting. See below for more information about postal voting.

Lagercrantz Group is closely monitoring developments in relation to Covid-19 as well as advice and regulations from public authorities, and will publish updated information about the Annual General Meeting on the website if necessary.

### NOTICE OF PARTICIPATION

Shareholders who wish to participate in the proceedings of the Annual General Meeting (AGM) must:

- 1) be entered under their own name (not in the name of a trustee) in the shareholders' register maintained by Euroclear Sweden AB no later than Wednesday, 19 August 2020.
- 2) give notice via the website [www.lagercrantz.com](http://www.lagercrantz.com), or by telephone +46 8 700 66 75 to the Company's head office with address Lagercrantz Group AB (publ), Att: Årsstämman, c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden, or by e-mail to [GeneralMeetingService@euroclear.eu](mailto:GeneralMeetingService@euroclear.eu) no later than by Thursday, 20 August 2020 at 3 p.m.

The notice must contain the shareholders' name, civic registration number (corporate identify number), address, telephone number and the number of shares represented as well as any attending assistants. Information provided in the notice of participation will only be processed for purposes of the AGM 2020.

Registered participants will receive an entrance card for the AGM by post, no later than the day before the AGM.

Shareholders whose shares are registered with a trustee must temporarily register their shares in their own name in order to exercise their voting rights at the AGM. Such re-registration must be completed no later than Wednesday, 19 August 2020. Requests for such registration must be made to the trustee a few business days before Thursday, 20 August 2020 in order for the registration to be completed in time.

Where participation is based on a proxy, the proxy must be submitted to the Company well in advance of the AGM. The proxy must not be issued earlier than five years prior to the date of the AGM. Proxies for legal entities must also submit a certified copy of a certificate of incorporation or equivalent legitimacy papers. The Company provides a proxy form to shareholders, which is available at the Company's head office or on the website: [www.lagercrantz.com](http://www.lagercrantz.com).

At the AGM, shareholders have the right to ask questions about the Company, the Company's financial position and about the matters and proposals to be brought before the AGM.

## **POSTAL VOTING**

Shareholders are recommended to exercise their voting rights at the AGM by voting in advance through postal voting. In connection with postal voting, a special form shall be used which is available on the website [lagercrantz.com](http://lagercrantz.com). A separate notice of participation is not required in connection with postal voting but the completed and signed form is valid as notice of participation to the AGM.

The form is signed electronically using a BankID on the website [lagercrantz.com](http://lagercrantz.com). To be valid as notice of participation, the electronic signature must be registered not later than Thursday, 20 August 2020.

Legal entities should use the postal voting form, which is available on the website [lagercrantz.com](http://lagercrantz.com). The postal voting form must be signed by an authorised signatory and sent by post together with a certificate of incorporation or equivalent legitimacy papers to Lagercrantz Group AB, Attn: The Annual General Meeting, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm or via e-mail to [GeneralMeetingService@euroclear.eu](mailto:GeneralMeetingService@euroclear.eu). The same procedure applies if shareholders vote in advance in writing with a physical document or by proxy. The postal voting form must be received by Lagercrantz Group not later than Thursday, 20 August 2020.

Shareholders may not provide the advance vote with special instructions or conditions. If this occurs, the vote is invalid. Further instructions are provided in the postal voting form.

## **PROPOSED AGENDA**

1. Opening of the AGM.
2. Election of Chairman of the AGM.
3. Preparation and approval of the voting list.
4. Approval of agenda.
5. Election of one or two persons to verify the minutes.
6. Determination of whether the AGM has been duly convened.
7. Presentation of:
  - a) the Annual Accounts and the Consolidated Financial Statements and the report on the work of the Board of Directors and the committees of the Board of Directors, and
  - b) the Audit Report and the Audit Report for the Group and the statement on remuneration principles for senior executives.
8. Address by the President and Chief Executive Officer.
9. Resolutions regarding:
  - a) adoption of the Income Statement and the Balance Sheet and the Consolidated Income Statement and the Consolidated Balance Sheet,
  - b) appropriation of the Company's profit in accordance with the adopted Balance Sheet, and
  - c) discharge from liability for the members of the Board of Directors and the President.
10. Report on and resolution regarding the principles and work of the Election Committee.
11. Resolution regarding the number of Board members.
12. Resolution regarding fees for the Board of Directors and the Auditors.
13. Election of Board members.
14. Election of Chairman of the Board of Directors.
15. Election of Auditors until the AGM 2021.
16. Proposal by the Board of Directors for principles of remuneration and other terms of employment for senior executives.
17. Authorisation for the Board of Directors to take decisions on purchase and assignment of own shares.
18. Proposal by the Board of Directors for a resolution regarding the issuance of call options on repurchased shares and assignment of repurchased shares to managers and senior executives in the Group.
19. Authorization for the Board to resolve on a new issue of up to 10 percent of the number of B shares as a means of payment during acquisitions.
20. Resolution regarding change of the Articles of Association.
21. Resolution regarding a division of shares (3:1 share split).
22. Other matters arising.
23. Closing of the AGM.

## **PROPOSAL OF THE ELECTION COMMITTEE FOR RESOLUTIONS WITH RESPECT TO ITEMS 2, 10-15 ABOVE:**

The Election Committee, which as of 31 December 2019, represented 56.3% percent of the votes in the Company, submits the following proposal for resolution. For information regarding the composition of the Election Committee and its work during the year, please refer to Lagercrantz Group's website: [www.lagercrantz.com](http://www.lagercrantz.com)

### **2 Chairman of the AGM**

Anders Börjesson.

### **10 Election Committee's principles**

The Election Committee proposes that the AGM 2020 approve that the same principles adopted at the previous AGM 2019 should also apply to the next Election Committee.

### **11 The number of Board members**

The Election Committee proposes to the AGM that the Board of Directors shall be composed of seven (7) members, which is a reduction from previous eight members.

### **12 Fees for the Board of Directors and Auditors**

Total directors' fees of SEK 2,450,000 to be distributed as follows:

- To the Chairman of the Board of Directors: SEK 700,000 (700,000)
- To other Board members not employed by the Company: SEK 350,000 (350,000) per Board member.

The fee payable for work as part of the Company's Remuneration Committee is proposed to be SEK 50,000 per Board member, unchanged from previous year.

Board members may, by special arrangement with the Company and insofar as applicable legislation and prevailing jurisprudence so permit, invoice their fees plus social security contributions and value added tax from a company owned by the Board member, or from their private business, provided that such payment is cost neutral for the Lagercrantz Group.

Audit fees will be paid according to approved invoice.

### **13 Election of Board members**

Re-election of Anna Almlöf, Anders Börjesson, Fredrik Börjesson, Anna Marsell, Ulf Södergren and Jörgen Wigh.

Election of Anders Claeson.

Lennart Sjölund declines re-election.

Detailed descriptions of the members of the Board of Directors proposed for re-election and election are found on the Company's website.

### **14 Election of Chairman of the Board of Directors**

Re-election of Anders Börjesson.

### **15 Election of Auditors until AGM 2021**

KPMG AB with auditor in charge, Håkan Olsson Reising, for the period until the end of the next AGM.

## **PROPOSAL OF THE ELECTION COMMITTEE FOR RESOLUTIONS WITH RESPECT TO ITEMS 9, 16-19 ABOVE:**

### **9 Appropriation of the Company's profit in accordance with the adopted balance sheet**

The Board of Directors proposes a dividend to the shareholders of SEK 2.00 per share and that Thursday, 27 August 2020 shall be the record day for receiving the dividend. If the AGM adopts the proposal, the dividend is expected to be remitted by Euroclear Sweden AB on Tuesday, 1 September 2020 to shareholders recorded in the share register on the record day.

### **16 Principles for remuneration and other terms of employment for senior executives**

The Board proposes the following guidelines for remuneration to the President and other members of Group Management and Board members to the extent that they receive remuneration in addition to that approved by the general meeting of shareholders. The guidelines shall be applied to agreements entered into after the 2020 Annual General Meeting. Regarding employment conditions that are governed by regulations other than Swedish rules, appropriate adjustments may be made to comply with local rules and practices.

#### **Remuneration to the President and senior executives**

With the aim of attracting and retaining qualified employees who, in the best possible way, maximise long-term shareholder value and safeguard the Group's interests, the remuneration shall be market-related and competitive, and should be commensurate with responsibility and authority. Remuneration shall normally consist of fixed and variable salary, pension and other benefits. In addition to this, the general meeting of shareholders, for example, can resolve on incentive schemes and share-based remuneration.

#### **The fixed salary shall be paid as a cash salary and constitute a main**

component in the remuneration. The fixed salary shall be reviewed annually. In addition to fixed salary, variable salary should normally also be paid where the outcome is determined annually after the audited annual accounts have been adopted. By linking the executive's variable salary to the company's goals in relation to earnings, growth and profitability, a development in value is promoted for the benefit of the company and its shareholders. The variable salary shall be linked to predetermined and measurable targets that may be financial or non-financial and individual performance. Variable salary should normally include pension expense on the variable salary and can correspond to a maximum of 40 percent of the fixed annual salary. In addition to this, an additional bonus of 20 percent of the variable salary received may be paid to be used for acquisition of shares in Lagercrantz Group AB.

Pension benefits are paid to the President and other senior executives in accordance with individual agreements. As a general rule, the retirement age shall be 60-65 years and in addition to an ITP plan, only defined contribution pension plans will normally be offered. Premiums for defined contribution pensions must not exceed 40 percent of the pensionable salary. Salary waivers can be utilised for an enhanced occupational pension through one-off pension contributions, provided that the total cost for the company is neutral.

Other benefits, which may include company car, travel benefits, extra health and medical insurance, occupational health care and health and wellness training, and, where applicable, reimbursement for double accommodation costs, shall be market-based and only constitute a minor part of the total compensation.

In the event of termination by the company, a notice period of a maximum of 12 months shall apply. The notice period for the executive should normally reflect the notice period for the company and the estimated time it takes to find a replacement but must never exceed 12 months. In the event of termination by the company, senior executives may be entitled to, in addition to salary and other employment benefits during the notice period, termination benefits corresponding to a maximum of 12 months' fixed salary. The aim should be to link rules on loyalty and a non-compete clause to the termination benefits in accordance with prevailing legal practice and rules on set-off against other income.

### **Share-based incentive programmes adopted by the Annual General Meeting**

The Board shall evaluate the need for a share-based incentive programme on an annual basis and when necessary submit a proposal for approval at the general meeting of shareholders.

### **Fees to Board members**

Lagercrantz Group's Board members elected by the annual general meeting can in special cases be compensated for services that do not constitute board work for a limited period of time. For these services (including services performed by a wholly-owned company of the member), the fees shall be market-based and the fees for each Board member during a period of one year may not be more than twice the annual director's fees.

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

The Board has established a Remuneration Committee. The committee's duties include preparing the Board's resolution on a proposal to the annual general meeting on guidelines for remuneration to senior executives. The guidelines shall be adopted at the annual general meeting but shall be reviewed at least every four years. The Remuneration Committee shall also follow up and evaluate programmes for variable remuneration to senior executives, the application of guidelines for remuneration, compensation structures and remuneration levels for senior executives. Remuneration to the President shall be decided by the Board after preparation by the Remuneration Committee. At the suggestion of the President, the Remuneration Committee shall decide on remuneration to other members of the Management team. When the Board is dealing with and deciding on remuneration-related issues, the President or other senior executives are not present, to the extent that they are affected by the issues.

### **Departures from the guidelines**

In individual cases, the Board may decide to depart from these guidelines if there are special reasons for this and a departure is made in order to safeguard the long-term interests of the Lagercrantz Group and its shareholders.

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In preparing this proposal for remuneration guidelines, current salaries and terms of employment for the company's employees have been taken into account and formed part of the Remuneration Committee's and the Board's decision data.

## **17 Authorisation for the Board of Directors to take decisions on acquisition of and assignment of own shares**

The Board proposes that the AGM resolve to authorise the Board, on one or more occasions until the next AGM, to acquire as many Class B shares, such that the Company's holding of own shares at any given time does not exceed 10 percent of all shares in the Company. Purchases shall be made via Nasdaq Stockholm within the prevailing price range at any given time (i.e. the spread between the highest buying price and lowest selling price).

The Board of Directors also proposes that the AGM resolve to authorise the Board of Directors until the next AGM to sell the Company's holdings of its own Class B shares, in connection with acquisition of companies or businesses, outside of Nasdaq Stockholm, at a price deemed equivalent to market value. The authorisation may be exercised on one or more occasions, but not longer than until the next AGM, and covers all holdings of the Company's own shares at the time of the decision of the Board of Directors. The authorisation includes the right for the Board of Directors to decide on a departure from the preferential rights of shareholders. The purpose of acquiring and selling the Company's own shares is to allow the Board of Directors to adapt the Group's capital structure, as well as to enable the future acquisition of companies and businesses with payment using the Company's own shares, and to ensure the delivery of shares in connection with the Company's outstanding incentive programmes at any given time.

Acquisition and sale of own shares in accordance with this authorisation shall be carried out with due observance of Nasdaq Stockholm's rules for issuers.

The decision on an authorisation according to this item requires that the AGM's resolution is supported by at least two thirds of the votes and number of shares represented at the AGM.

## **18 Proposal for resolution regarding the issuance of call options on repurchased shares and assignment of repurchased shares to managers and senior executives**

The Board of Directors proposes that the AGM 2020 pass a resolution on the establishment of a call option programme for managers and senior executives of the Lagercrantz Group. The purpose of the programme is to allow management staff in the Lagercrantz Group, through their own investment, to benefit from and strive for an increase in the value of the Company's shares, thereby more closely aligning the interests of managers and shareholders in the Company. The purpose of the programme is to also contribute to increasing the long-term share ownership of management staff in the Company.

The proposal is that the Company shall issue call options on repurchased Class B shares in the Company on the following principal terms and conditions:

- (i) Number of call options – that can be issued – shall be no more than 400,000.
- (ii) The right to acquire call options will accrue to managers and senior executives in the Lagercrantz Group in accordance with item (vii) below. Subscription for call options shall take place from 14 September 2020 until 25 September 2020. Payment for acquired call options shall be made no later than 2 October 2020.

- (iii) Each call option shall entitle its holder to acquire one (1) repurchased Class B share in the Company at a redemption price of 125 percent of the average value for each of the trading days during the period from 31 August 2020 until 11 September 2020, calculated from the average of the highest and lowest price paid according to Nasdaq Stockholm's official quotation for Class B shares in the Company. Days without a quotation of the price paid shall be excluded from the calculation. The redemption price may be recalculated during the term of the call option programme under certain conditions.
- (iv) The premium for the call options shall be equivalent to the market value of the call options in accordance with an external valuation applying the generally accepted valuation method (the Black & Scholes model).
- (v) Acquisition of Class B shares in the Company by exercising call options may occur on two occasions: (i) during the period 16 May – 27 May 2023 after the Company publishes its Interim Report for the period 1 April 2022 – 31 March 2022, and (ii) during the period 6 November – 17 November 2023.
- (vi) Upon full subscription of the call options, up to 400,000 Class B shares in the Company (subject to any recalculation), equivalent to approximately 0.6 percent of the total number of shares outstanding (of Class A as well as Class B) and approximately 0.4 percent of the total number of votes in the Company, may be acquired within the framework of the call option programme.
- (vii) The programme shall cover a maximum of 70 managers and senior executives in the Lagercrantz Group. The proportion between the number of call options offered to the employee shall vary depending on the responsibility and position of the employee and previous inclination to exercise options for shares.
- (viii) The Board of Directors will ultimately decide which persons shall be included in each respective category according to the principles set forth in item (vii) above, and how many call options employees in each category are to be offered to acquire.
- (ix) A person entitled to an allocation of call options may acquire up to 150% of the originally offered number of call options, if another entitled person decides to wholly or partly decline the offer of call options. For call options acquired as described in this section, no extra compensation shall be paid in accordance with item (xiii) below.
- (x) With the exception of the Company's President, the members of the Board of Directors are not entitled to acquire call options within the framework of the call option programme.
- (xi) Issuance of call options to employees outside of Sweden will depend on prevailing tax effects, that no legal obstacles exist and that the Board of Directors is of the opinion that such allocations can be made by expending reasonable administrative and financial resources.
- (xii) Call options are freely assignable with regard to the pre-emption agreement with the Company. Call options acquired are to be offered under the pre-emption agreement at market value. The Company is entitled to repurchase issued call options.

- (xiii) For the purpose of encouraging participation in the call option programme, extra compensation in the form of cash gross salary will be paid to the participants, equivalent to the option premium paid. Payment of the extra compensation will take place two (2) years after the resolution on the adoption of this call option programme, provided that the option holder on this date has not resigned or been served with notice and still owns the call options.
- (xiv) The costs for the programme are estimated to be approximately MSEK 6, after corporate taxes (calculated based on conditions prevailing as of 7 July 2020). The costs mainly consist of the extra compensation as described above and of the social security contributions payable thereon. These costs also include administrative costs for retaining external consultants and suppliers of administrative services in connection with drawing up the call option programme. The programme is expected to have a marginal effect on the Company's earnings per share. The extra compensation is equivalent to the option premium of a total amount of approximately MSEK 6 that the Company will receive upon assignment of the call options. The programme therefore does not entail any net charge against the Company's equity.
- (xv) The proposal by the Board of Directors implies that the AGM also approves that the Company, in a departure from the preferential rights of shareholders, assigns up to 400,000 of the Company's repurchased Class B shares at the determined redemption price in connection with any exercise of the call options (subject to any recalculation).
- (xvi) The reason for the departure from the preferential rights of shareholders is to allow management staff in the Lagercrantz Group, through their own investment, to benefit from and strive for, an increase in the value of the Company's shares, thereby more closely aligning the interests of managers and shareholders in the Company. The purpose of the programme is also to contribute to increasing the long-term share ownership of management staff in the Company. The programme also aims to motivate managers and senior executives to remain employed in the Group.
- (xvii) Finally, the proposal of the Board of Directors means that the AGM approves that Class B shares acquired by the Company in accordance with prior authorisations may be assigned for the purpose of ensuring delivery of shares through the proposed call option programme.

The company currently (as of July 2020) has three outstanding option programmes, each one with a term of approximately three years, in which managers and senior executives in the Lagercrantz Group acquired call options on repurchased Class B shares in the company during 2017, 2018 and 2019. The outstanding number of call options, after completed repurchases, amounts to 951,400 options in total and is equivalent to approximately 1.4% of the total number of shares and approximately 1.0% of the total number of votes in the company.

The proposal for the call option programme was prepared by the Company's Remuneration Committee in consultation with the Company's Board of Directors. The decision to propose the issuance of call options on repurchased shares was made by the Board of Directors.

The decision on issuance of call options and assignment of repurchased shares, for this reason, in accordance with this item, requires that the AGM's resolution is supported by shareholders holding not less than nine tenths of the votes and number of shares represented at the AGM.

**19 Authorization for the Board to resolve on a new issue of up to 10 percent of the number of B shares as a means of payment during acquisitions**

With a view to enabling more acquisitions, the Board proposes that the AGM resolve to authorise the Board until the next AGM, 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 10 percent, based on the Company's registered share capital or the number of shares prior to exercise of the authorisation. 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 resolution on authorisation under this item requires that the AGM's resolution is supported by shareholders holding at least two thirds of the votes cast and number of shares represented at the AGM.

**20 Resolution regarding change of the Articles of Association**

The Board of Directors proposes the following changes in the Articles of Association.

- A. In order to adapt the Articles of Association to the Board's proposal for a 3:1 division of the company's shares (share split) according to item 21 below, the Board proposes that the Annual General Meeting resolves on the adoption of a new Articles of Association, where the provision regarding the limits for the number of shares in Section 5 of the Articles of Association is changed to a minimum of 112,500,000 and a maximum of 450,000,000.
- B. The Board further proposes, due to certain legislative changes, that editorial changes be made in Section 1 (*registered name* is changed to *registered company name*) and in Section 15 (*the Financial Instruments Accounting Act (1998:1479)* is changed to *the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479)*).

The resolution regarding change of the Articles of Association requires that the AGM's resolution is supported by shareholders holding at least two thirds of both the votes cast and the shares represented at the AGM.

## **21 Resolution regarding a division of shares (3:1 share split)**

The Board of Directors proposes that the Annual General Meeting resolves on a division of the company's shares, whereupon one existing share in the company is divided into three shares of the same class of shares (3:1 share split). After the completed division, the number of shares in the company will increase from 69,519,927 to 208,559,781, of which 9,791,406 shares of class A and 198,768,375 shares of class B. Each share's quota value after the division will be 0.23 SEK. The Board of Directors proposes that the Board of Directors be authorised to set a record day for the share split, which at the time of the convening notice is expected to be 8 October 2020. However, the record day may not be set so that it falls before the decision on a split has been registered with the Swedish Companies Registration Office.

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The financial statements and audit report, and the complete proposal by the Board of Directors for resolutions with respect to items 9 and 16-19 of the agenda, and statements in accordance with Chapter 18, Section 4 and Chapter 19, Section 22, of the Swedish Companies Act, and a statement by the auditor pursuant to Chapter 8, Section 54 of the Swedish Companies Act, and the Remuneration Committee's evaluation of the application of the guidelines approved by the AGM for remuneration to senior executives will be available at the Company from Wednesday, 5 August 2020 and will be posted to shareholders who so request and provide their postal address. The 2019/20 Annual Report was published in July 2020. Documents as described above, the proposal of the Election Committee to the AGM, and the Remuneration Committee's evaluation of incentive programmes and application of the guidelines for remuneration to senior executives will also be made available on the Company's website: [www.lagercrantz.com](http://www.lagercrantz.com).

The share capital as of 30 June 2020 amounted to MSEK 48.9 distributed among 3,263,802 Class A shares and 66,256,125 Class B shares, providing a total of 69,519,927 shares, of which the Company had repurchased 1,771,637 Class B shares as of 30 June 2020. Class A shares carry ten votes while Class B shares carry one vote. The number of votes in the Company amounts to 97,122,508, taking repurchased shares into account. Both classes of shares carry the same rights to share in the Company's assets and profit.

Stockholm, 22 July 2020

The Board of Directors

Lagercrantz Group AB (publ)

For additional information, please contact: Kristina Elfström Mackintosh, CFO, +46 8 700 66 70.