

## **Notice to extraordinary general meeting in Azelio AB (publ)**

The shareholders in Azelio AB (publ), reg.no. 556714-7607, with its registered office in Gothenburg, are hereby summoned to extraordinary general meeting to be held on 26 November 2019 at 10.00 a.m. CET at the offices of Vinge law firm, Stureplan 8, Stockholm, Sweden.

### ***Notification, etc.***

Shareholders who wish to participate in the general meeting must:

- firstly* be included in the shareholders' register maintained by Euroclear Sweden AB as of 20 November 2019; and
- secondly* notify the company of their participation in the general meeting no later than 20 November 2019. The notification shall be in writing to Forsbrogatan 4, SE-662 34 Åmål, or by e-mail to [info@azelio.com](mailto:info@azelio.com). The notification shall state the name, personal/corporate identity number, shareholding, address and daytime telephone number, and information about any assistants and, where applicable, representatives. When applicable, complete authorisation documents, such as powers of attorney for representatives, registration certificates or corresponding documents, shall be appended to the notification.

### ***Nominee registered shares***

Shareholders whose shares have been registered in the name of a bank or securities institute must temporarily re-register their shares in their own names with Euroclear Sweden AB in order to be entitled to participate in the general meeting. Shareholders wishing such re-registration must inform their nominee of this well before 20 November 2019, when such re-registration must have been completed.

### ***Proxy, etc.***

Shareholders represented by proxy shall issue a dated and signed power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate or a corresponding document for the legal entity shall be appended. The power of attorney is valid for a maximum of one year after the issuance or for the duration indicated in the power of attorney, whichever is longer, but not for more than five years after issuance. The registration certificate, where applicable, may not be older than one year. The power of attorney in original and, where applicable, the registration certificate should be submitted to the company by mail at the address set forth above well in advance of the general meeting. The form to use for a power of attorney can be found on [www.azelio.com](http://www.azelio.com).

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

According to Chapter 7, Section 32 of the Swedish Companies Act (Sw. *aktiebolagslagen*), the board of directors and the managing director are required to, upon request from shareholders and if the board considers that it may be done without harm for the company, provide information that may affect a matter on the agenda.

### **Number of shares and votes**

There are a total of 42,347,495 shares, with one vote per share, in the company as of the date of this notice.

### **Proposed agenda**

1. Election of a chairman at the meeting;
2. Preparation and approval of the voting list;
3. Approval of the agenda;
4. Election of one or two persons who shall approve the minutes of the meeting;
5. Determination of whether the meeting was duly convened;
6. Proposal to amend the articles of association;
7. Proposal on authorisation for the board of directors to resolve upon issue of shares;
8. Proposal to resolve on a long-term incentive program in the form of warrants;
9. Closing of the meeting.

### **Resolution proposals**

#### **Proposal to amend the articles of association (item 6)**

The board of directors proposes that the general meeting resolve on the adaption of new articles of association.

The proposed amendments are as follows:

#### § 4 Share capital

##### Current wording:

The share capital shall be not less than SEK 8,500,000 and no more than SEK 34,000,000.

##### Proposed wording:

The share capital shall be not less than SEK 20,000,000 and no more than SEK 80,000,000.

#### § 5 Number of shares

##### Current wording:

The number of shares shall be no less than 17,000,000 and not more than 68,000,000.

##### Proposed wording:

The number of shares shall be no less than 40,000,000 and not more than 160,000,000.

#### **Proposal on authorisation for the board of directors to resolve upon issue of shares (item 7)**

The board of directors proposes that the general meeting authorises the board to resolve – at one or several occasions and for the time period until the next annual general meeting – to increase the company’s share capital by new share issues. The number of shares that may be issued under the authorisation shall only be subject to the limits in the articles of association, as amended, with regards to share capital and number of shares in the company.

New share issues may be made with or without deviation from the shareholders’ preferential rights and with or without provisions for contribution in kind, set-off or other conditions. The purpose of the authorisation is to increase the financial flexibility of the company and the acting scope of the board, and is intended to be used for the rights offering as previously announced. Should the board of directors resolve on an issue with

deviation from the shareholder's preferential rights, the reason shall be to enable the company to finance the operations in a fast and efficient way, acquire companies, businesses or parts thereof and to enable a broadening of the ownership of the company. Upon such deviation from the shareholders' preferential rights, the new issue shall be made at market terms and conditions.

The board of directors or the CEO shall have the right to make such minor adjustments in this resolution that may be necessary in connection with the registration of the authorisation with the Swedish Companies Registration Office.

**Proposal to resolve on a long-term incentive program in the form of warrants (item 8)**

The board of directors proposes that the general meeting resolves to issue not more than 400,000 warrants within the scope of a long-term incentive program to two new members of the executive management in Azelio.

The incentive program entails that the participants, conditional upon that a pre-emption agreement with the company has been entered into, is each offered to subscribe for not more than 200,000 warrants at a price of SEK 0.16 per warrant. The basis for the subscription price is the market value of the warrant, which has been calculated according to the Black & Scholes valuation formulae.

Subscription of the warrants shall be made within four weeks from the date of the resolution to issue warrants. Payment for the subscribed warrants shall be made within four weeks after subscription. The board of directors is entitled to extend the subscription period and time of payment.

Each warrant entitles the holder to subscribe for one new ordinary share in Azelio for an exercise price of SEK 40.

Subscription of shares can be done from the day of publication of the interim report for the period 1 January – 30 June 2021 up until 30 September 2021.

The complete terms and conditions for the warrants have been resolved by the board of directors and are available to the shareholders in accordance with the below.

The company shall, in connection with the allocation of the warrants to a participant in the program, and with certain exceptions, reserve a pre-emption right regarding the warrants if the participant's employment or engagement within the group ceases or if the participant wishes to transfer its warrants prior to the exercise period.

Furthermore, in order to encourage participation in the incentive program, the company will make a one-time bonus payment to the participants in connection with subscription of the warrants, which after tax corresponds to the participant's full cost for subscribing for the warrants.

*Effect on important key ratios and dilution*

The company's profits per share is not affected by the warrant issue since the current value of the exercise price is greater than the current market value of the company's share at the time of the issue.

Based on the number of shares in Azelio as of the date of the notice to the general meeting, the maximum dilution effect of the warrant program will be approximately 0.9 percent.

#### *Costs*

The total cost for the incentive program is estimated not to exceed SEK 300,000 during the term of the program.

#### *The rationale for the incentive program*

The reason for the deviation from the shareholders preferential rights is to retain a competent executive management team in the company by offering the members a long-term ownership commitment in the company and thereby the opportunity to participate in and promote a positive value development of the company's shares and to increase the member's sense of association with the company and its other shareholders. The board of directors consider that the implementation of the incentive program as described above is in the favour of the group and the shareholders in the company.

#### *Preparation of the proposal*

The incentive program has been prepared by the board of directors together with advisors.

#### **Majority requirements**

Resolution in accordance with items 6 and 7 above requires approval of at least two thirds (2/3) of the shares represented and votes cast at the general meeting. Resolution in accordance with item 8 above requires approval of at least nine tenths (9/10) of the shares represented and votes cast at the general meeting.

#### **Miscellaneous**

The terms and conditions for the warrants and the board of directors' complete proposals for item 6 and 8 will be available at the address of the company and on the company webpage [www.azelio.com](http://www.azelio.com), no later than three weeks prior to the general meeting. Copies of the documents will be sent to the shareholders who so request and who inform the company of their postal address.

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For information on how your personal data is processed, see the integrity policy that is available at Euroclear's webpage [www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf).

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Gothenburg in October 2019  
**Azelio AB (publ)**  
*The board of directors*