

Unofficial translation of Minutes from the  
Extraordinary General Meeting in Eltel AB  
(publ), reg.no 556728-6652, held on 17  
September 2018 in Bromma, Stockholm  
Time: 2:00 p.m. – 2:50 p.m.

### **§ 1**

The Chairman of the Board, Ulf Mattsson, opened the Meeting. Ulf Mattsson was elected as Chairman of the Meeting. It was noted that Niklas Larsson had been appointed to keep the minutes at the Meeting.

The Company's newly appointed CEO, Casimir Lindholm, held a short presentation.

### **§ 2**

A list of shareholders present was prepared as set forth in Appendix 1. The list was approved as voting register for the Meeting, and furthermore it was approved that the other persons present who were not shareholders were allowed to be present.

### **§ 3**

The Meeting approved the proposed agenda placed before it.

### **§ 4**

Ingeborg Åkermarck and Åsa Nisell were appointed to approve the minutes of the Meeting along with the Chairman.

### **§ 5**

It was noted that notice to the Meeting had been made in Post- och Inrikes Tidningar on 20 August 2018 and by the notice made available at the Company's website from 16 August 2018. An announcement of the notice had been made in Svenska Dagbladet on 20 August 2018.

It was declared that the Meeting was duly convened.

## § 6

It was resolved in accordance with the proposal, [Appendix 2](#), and for the time up until and including the next Annual General Meeting, to increase the number of Board members in the Company to nine.

Per Colléen, representing Fjärde AP-fonden, expressed his support for the Swedish corporate governance model with owner-elected nomination committees, where the owners together evaluate the Board and prepare election of the Board, and regretted that the major owners had chosen instead to circumvent the nomination committee and put their own proposal to increase the number of Board members and regarding election of new Board members. For these reasons, Fjärde AP-fonden intended to vote against the proposal under item 6 on the agenda. Ossian Ekdahl, representing Första AP-fonden, Anders Oscarsson, representing AMF, and Åsa Nisell, representing Swedbank Robur, agreed to the criticism against circumventing the Swedish election committee model and announced that they also intended to vote against the proposal under item 6 on the agenda.

Roger Hagborg, representing Solero Luxco Sarl, argued that a discussion was held between the three largest ownership groups in the nomination committee, but given that they could not reach an agreement a larger group of shareholders chose to submit a proposal to the Meeting. This ownership group also expressed its support of the Swedish corporate governance model and presented a proposal to be voted by all shareholders.

It was noted that AMF, Swedbank Robur, Första AP-fonden and Fjärde AP-fonden voted against the proposal. It was noted that Anne-Charlotte Hormgard, representing Tredje AP-fonden, reserved herself against the resolution. It was further noted that Sveriges Aktiesparares Riksförbund voted against the proposal and reserved themselves against the resolution.

Sveriges Aktiesparares Riksförbund proposed instead that the matter should be referred to a new Extraordinary General Meeting in the Company, for which the nomination committee is given the opportunity to prepare a well-substantiated proposal.

## § 7

It was resolved on remuneration for the Board in accordance with the proposal, [Appendix 2](#).

## § 8

It was noted that Mikael Moll had declared his seat on the Board available.

Roland Sundén and Mikael Aro were elected as Board members in the Company for the time up until and including the next Annual General Meeting, in accordance with the proposal, [Appendix 2](#).

It was noted that the Första AP-fonden, AMF and Sveriges Aktiesparares Riksförbund voted against the election of the two new Board members for the same reasons as stated in paragraph 6. Första AP-fonden and AMF wanted to state in particular that this should not be perceived as a statement against these individuals personally.

### **§ 9**

It was resolved, with requisite majority, in accordance with the Board's proposal, Appendix 3:

- a) To approve the terms for the long term incentive program LTIP 2018; and
- b) regarding hedge of LTIP 2018 in the form of new class C shares comprising of i) an authorization for the Board to resolve on a directed issue of class C shares and ii) authorization for the Board to repurchase class C shares.

It was noted that Sveriges Aktiesparares Riksförbund voted against the proposal and reserved themselves against the resolution and instead considered that the matter should be referred to the next Annual General Meeting in the Company. It was further noted that certain shareholders represented by Nordea and SEB at the Meeting, had reported in advance that they voted against the proposal.

### **§ 10**

The Meeting was declared closed.

Minutes kept by:

Approved:

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Niklas Larsson

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Ulf Mattsson

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Ingeborg Åkermarck

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Åsa Nisell

### Items 6 – 8 Election of the Board of Directors etc.

It is proposed to increase the number of ordinary board members to a total of nine. It is proposed to increase the remuneration to the Board of Directors to a total amount of EUR 487 200 (*from 465 200*). The Board member Mikael Moll has declared that he will resign from the Board in connection with the General Meeting. It is proposed to elect as new members of the Board of Directors, up until and including the next annual general meeting, Roland Sundén and Mikael Aro.

The Board of Directors will thereafter consist of the following ordinary Board members (including the chairman):

Ulf Mattsson, ordinary Board member/Chairman;  
Håkan Dahlström, ordinary Board member;  
Gunilla Fransson, ordinary Board member;  
Ulf Lundahl, ordinary Board member;  
Markku Moilanen, ordinary Board member;  
Hans von Uthmann, ordinary Board member;  
Joakim Olsson, ordinary Board member;  
Roland Sundén, ordinary Board member; and  
Mikael Aro, ordinary Board member.

#### Motivation

Due to the fact that Zeres Capital has significantly reduced its shareholding and that Wipunen Varainhallinta Oy, Mariatorp Oy, and Riikantorppa Oy have increased their combined shareholding, Mikael Moll has declared his seat on the Board of Directors available. In view of this change, a group consisting of the largest shareholders in Eltel (Wipunen Varainhallinta Oy, Mariatorp Oy, Riikantorppa Oy, and Solero Luxco S.á r.l., that jointly represented c.33% of the capital and votes in Eltel as per July 31, 2018) proposes that Roland Sundén and Mikael Aro are elected as new members of the Board of Directors for the period until the next annual general meeting. Given this, it is also proposed that the number of ordinary members of the Board of Directors shall be expanded to 9 (from 8), and that the total remuneration to the Board of Directors for the period until the next annual general meeting shall be increased in proportion to the new total number of ordinary board members (i.e. an increase of EUR 33,000 prorated for the period until the next annual general meeting).

Roland Sundén, born 1953, currently serves as President of Hiab and member of Cargotec's Executive Board. Previous positions include, among others, the assignments as President and CEO of LM Wind Power, President Agricultural Division, Case New Holland, and Executive Vice President, Volvo Construction Equipment.

Mikael Aro, born 1965, currently serves as Senior Industry Expert at Triton and as Chairman of the Board in in Glamox AS and Flokk AS, and as Board member in Nokas AS. Previous positions include, among others, the assignments as Chairman of the Board in Mehiläinen Oy and Nordic Cinema Group, Vice-Chairman of the Board of Kesko Oyj, Board member of Altia Oyj, as well as CEO of VR-Group and Senior Vice President Northern Europe, Carlsberg Group.



## **Item 9: The Board of Directors proposal regarding Long Term Incentive Program 2018 (LTIP 2018)**

Eltel's Board of Directors proposes that the Extraordinary General Meeting pass a resolution on the implementation of a Long Term Incentive Program 2018 (LTIP 2018). This proposal is divided into four items:

- A. Terms of the LTIP 2018.
- B. Hedge for LTIP 2018 in the form of new class C shares.
- C. If item B is not approved, the Board proposes that hedge of LTIP 2018 shall take place via equity swap agreement with a third party.
- D. Other matters related to LTIP 2018

### **A. LTIP 2018**

#### **A.1 Introduction**

LTIP 2018 is the same type of long term incentive program that has been used in the company since 2015. The Board is proposing to continue this type of performance-based, long-term share program, in order to increase and strengthen the potential for recruiting, retaining and rewarding key individuals. The board therefore proposes that the Extraordinary General Meeting approves the implementation of LTIP 2018 for top management within the Eltel Group. The aim is also to use LTIP 2018 to create an individual long-term ownership of Eltel shares among the participants. Participants will, after a qualifying period and assuming an investment of their own in Eltel ordinary shares, receive allotments of additional Eltel ordinary shares without consideration. The number of allotted shares will depend on the number of Eltel ordinary shares they have purchased themselves and on the fulfilment of certain performance targets. The term of LTIP 2018 is more than three years.

#### **A.2 Basic features of LTIP 2018**

The LTIP 2018 will be directed towards the top management in the Eltel Group. The participants are based in Sweden and other countries where the Eltel Group is active. Participation in the LTIP 2018 assumes that the participant locks Eltel ordinary shares into LTIP 2018 ("Savings Shares"). Savings Shares can be newly acquired Eltel shares or Eltel Shares already held by a participant, provided that such shares are not subject to any other similar incentive program.

For each acquired Savings Share, the participant shall be entitled, after a certain qualification period (defined below) and provided continued employment during the entire period, to receive an allotment of one Eltel matching/retention share ("Matching Share"). Dependent on the fulfilment of certain performance targets linked to Eltel's EBITDA for the financial year 2021, the participant may also be entitled, to receive allotment of additional Eltel shares ("Performance Shares"). The participant shall not pay any consideration for the allotted Matching Shares and Performance Shares. Matching Shares and Performance Shares are Eltel ordinary shares.

#### **A.3 Participation in LTIP 2018**

No later than during September 2018, the Board will decide on participation in LTIP 2018.

LTIP 2018 is directed towards three categories of participants:

Category	Maximum of Savings Shares (% of base salary)	Matching Shares per Savings share	Performance Shares per Savings share
A) CEO	25%	1.0x	4.0x
B) CFO	20%	1.0x	3.0x
C) Group Management Team (GMT), maximum 6 persons	15%	1.0x	3.0x

The maximum number of Savings Shares for each participant shall be based on an investment in Eltel shares with an amount corresponding to a certain portion of the concerned participant's base salary level for the current year. In order to be eligible to participate in LTIP 2018, the participant must make a minimum investment of an amount equal to 25% of the applicable maximum level for Savings Shares investment.

Any resolution on participation or implementation of LTIP 2018 shall be conditional on that it, in the Board's judgement, can be offered with reasonable administrative costs and financial effects.

#### A.4 Allotment of Matching Shares and Performance Shares

Allotment of Matching Shares and Performance Shares within LTIP 2018 will be made during a limited period of time following presentation of the first quarterly statement 2022. The period up to this date is referred to as the qualification period (vesting period). A condition for the participant to receive allotment of Matching Shares and Performance Shares is that the participant remains an employee of the Eltel Group during the full qualification period up until allotment and that the participant, during this period, has kept all Savings Shares. Allotment of Performance Shares requires that the EBITDA performance targets are fulfilled.

The performance targets are Eltel's EBITDA for the financial year 2021 and the performance targets shall be established by the Board. Partial fulfilment of the performance targets will result in partial allotment of Performance Shares. Performance under a certain level will result in no allotment. The EBITDA targets and the performance will be communicated to the shareholders after the allotment of Matching and Performance Shares to participants.

Prior to the allotment of Matching Shares and Performance Shares, the Board shall assess whether the allotment is reasonable in relation to the Company's financial results, position and performance, as well as other factors. In this regard, the participant's maximum gross profit per Performance Share shall be limited to three times the share price of the Eltel share at the time of the commencement of the qualification period, and therefore the number of Matching Shares and/or Performance Shares allotted to the participant may be reduced proportionally in order to achieve such limitation.

If significant changes take place within the Eltel Group, or on the market, which, by the assessment of the Board, would mean that the terms for allocation/transfer of Shares according to LTIP 2018 is no longer reasonable, the Board shall have the right to implement an adjustment to LTIP 2018, including, among others, the right to reduce the number of Matching or Performance Shares allocated/transferred, or not to allocate/transfer Matching or Performance Shares at all.

## **A.5 Implementation and administration etc.**

The Board, with the assistance of the remuneration committee, shall in accordance with the resolutions by Extraordinary General Meeting set forth herein be responsible for the detailed design and implementation of LTIP 2018. The Board may also decide on the implementation of an alternative cash based incentive for participants in countries where the acquisition of Savings Shares or allotment of Matching and/or Performance Shares is not appropriate, as well as if otherwise considered appropriate. Such alternative incentive shall to the extent practically possible be designed to correspond to the terms of LTIP 2018.

The intention is that the Board shall launch LTIP 2018 as soon as practically possible after the Extraordinary General Meeting.

## **B. Hedge for LTIP 2018 in the form of new Class C Shares**

### **B.1 Introduction**

The Board proposes that the implementation of LTIP 2018 shall be made in a cost-effective and flexible manner, and that the undertakings of the Company for delivery of Matching and Performance Shares and the Company's cash-flow primarily shall be hedged by a directed issue of convertible and redeemable Class C Shares. These shares can be repurchased and converted into ordinary shares and transferred in accordance with the following.

### **B.2 Authorization for the Board to resolve on a directed issue of class C shares**

The Board shall be authorized to resolve on a directed issue of Class C Shares on the following terms and conditions:

- a) The maximum number of Class C Shares to be issued is 850 000
- b) With a deviation from the shareholders' preferential rights, the new shares may only be subscribed for by one external party after arrangement in advance with the Board.
- c) The amount to be paid for each new share (the subscription price) shall equal the share's quota value at the time of subscription.
- d) The authorization may be exercised on one or several occasions until the Annual General Meeting 2019.
- e) The new class C shares shall be subject to Chapter 4, Section 6 of the Swedish Companies Act (conversion restriction) and Chapter 20, Section 31 of the Swedish Companies Act (redemption restriction).
- f) The purpose of the authorisation is to hedge the undertakings of the Company according to LTIP 2018 and, in terms of liquidity, to hedge payments of social security contributions related to Matching and Performance Shares.

### **B.3 Authorization for the Board to repurchase issued class C shares**

The Board shall be authorized to repurchase class C shares on the following terms and conditions:

- a) Repurchase can only take place by way of an acquisition offer directed to all holders of class C shares in the Company.
- b) The maximum number of Class C shares to be repurchased shall amount to 850 000
- c) Repurchase shall be made at a cash price per share of minimum 100 and maximum 110 per cent of the quota value applicable to the repurchased class C shares at the time of repurchase.
- d) The Board shall have the right to resolve on other terms and conditions for the repurchase.



- e) Repurchase may also be made of a so-called interim share regarding a class C share, by Euroclear Sweden AB designated as a Paid Subscribed Share (Sw. Betald Tecknad Aktie, BTA).
- f) The authorization may be exercised on one or several occasions until the Annual General Meeting 2019.

The purpose of the authorization is to hedge the undertakings of the Company according to LTIP 2018 and, in terms of liquidity, to hedge payments of social security contributions related to Matching and Performance Shares.

#### **B.4 Transfer of Eitel's own ordinary shares in LTIP 2018**

Transfer of the Company's own ordinary shares in LTIP 2018 can be made on the following terms and conditions:

- a) A maximum number of 678 732 Eitel ordinary shares may be transferred free of charge to participants in LTIP 2018.
- b) A maximum number of 171 568 Eitel ordinary shares may be disposed at market price on the stock market in order to hedge the cash-flow related to the Company's payments of social security contributions in relation to LTIP 2018.
- c) The terms for these transfers, the number of shares in each transaction and the timing for the transactions shall be as stipulated in the terms and conditions of LTIP 2018.
- d) The number of Eitel shares that may be transferred within the framework of LTIP 2018 may be subject to customary recalculations as a result of bonus issue, split, rights issue and/or similar events.
- e) The above resolution under item b) regarding disposal of shares in the stock market will be proposed to be repeated as a new annual decision by each Annual General Meeting during the term of LTIP 2018.

#### **B.5 Reasons for the deviation from the shareholders' preferential rights etc.**

The reason for deviation from the shareholders' preferential rights is to implement the proposed LTIP 2018 as set out herein. In order to minimize costs for LTIP 2018, the subscription price shall equal the Class C Share's quota value.

Since the Board considers that the most cost-effective and flexible method of transferring Eitel shares under LTIP 2018 is to transfer own shares, the Board proposes that the transfer is hedged in this way in accordance with this item B. Should the necessary majority not be obtained for the item B proposal, the Board proposes that the transfer is hedged by entering into a share swap agreement with a third party in accordance with item C below.

#### **C. Equity swap agreement with a third party**

The Board proposes that the Extraordinary General Meeting, should the necessary majority not be obtained for item B above, resolve to hedge the financial exposure of LTIP 2018, by the Company entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer shares in the Company in LTIP 2018. The relevant number of shares shall correspond to the number of shares proposed under item B above.

## **D. Other matters in relation to LTIP 2018**

### **D.1 Majority requirements etc.**

The resolution by the Extraordinary General Meeting regarding the implementation of LTIP 2018 according to item A above shall be conditional on the Extraordinary General Meeting resolving either in accordance with the Board's proposal under item B above or in accordance with the Board's proposal under item C above.

The resolution according to item A above shall require a majority of more than half of the votes cast at the Extraordinary General Meeting. A valid resolution under item B above requires that shareholders representing not less than nine-tenths (90%) of the votes cast as well as the shares represented at the Extraordinary General Meeting approve the resolution.

A valid resolution under item C above shall require a majority of more than half of the votes cast at the Extraordinary General Meeting.

### **D.2 Estimated costs, expenses and financial effects of LTIP 2018**

LTIP 2018 will be accounted for in accordance with "IFRS 2 – Share-based payments". IFRS 2 stipulates that the share awards should be expensed as personnel costs over the qualification period and will be accounted for directly against equity. Personnel costs in accordance with IFRS 2 do not affect the company's cash flow. Social security contributions will be recognised as an expense in the income statement through regular provisions in accordance with generally accepted accounting principles. The amount of these regular provisions will be revalued in line with the trend in the value of the right to Matching/Performance Shares, and the contributions payable on the allotment of Matching/Performance Shares.

Assuming a share price at the time of implementation of EUR 2,39 (SEK 25), and that the performance targets are achieved so that 100 percent of the maximum number of Performance Shares vest, including a share price increase of 50 percent during the qualification period, the total cost for LTIP 2018, including social security costs, is estimated to approximately EUR 2,3 million before tax, corresponding to an estimated annual cost of approximately EUR 0,75 million before tax.

LTIP 2018 will comprise maximum 678 432 shares in total which corresponds to approximately 0,43 percent of the total outstanding shares and votes in the Company. Aggregated with the 171 568 shares that may be transferred in order to cover the cash flow effects associated with social security contributions for LTIP 2018, this corresponds to approximately 0.54 percent of the total outstanding shares and votes in the Company.

The above calculations are based on a decision on hedging in accordance with item B. To the extent that a share swap agreement in accordance with item C is entered into to hedge the obligations under LTIP 2018, any fluctuations in the value of the swap agreement during the life of LTIP 2018 will be recognized as an income or expense in the income statement.

In the view of the Board, the positive effects expected to arise from LTIP 2018, outweigh the costs associated with LTIP 2018.

### **D.3 The Board's explanatory statement**

The Board wishes to increase the ability of Eltel to retain key managers. Moreover, an individual long-term ownership commitment among the participants in LTIP 2018 is expected to stimulate greater interest and motivation in the Company's business operations, results and strategy. The Board believes that the implementation of LTIP 2018 will benefit Eltel and its shareholders. LTIP 2018 will provide a competitive and motivation-improving incentive for key managers within the Group.

LTIP 2018 has been designed to reward the participants for increased shareholder value by allotting shares, based on the fulfilment of conditions in respect of results and operations. Allotments shall also require a private investment by each respective participant through the acquisition of shares by them at market price. By linking the employees' remuneration to an improvement in Eltel's results and value, the long-term value growth of Eltel is rewarded. Based on these circumstances, the Board considers that the implementation of LTIP 2018 will have a positive effect on the Eltel Group's continued development, and will thus be beneficial to the shareholders and Eltel.

### **D.4 Other share-related incentive programs**

The current outstanding share-related incentive program LTIP 2016 is described on page 101 in the Eltel Group Annual Report for 2017 which is available at the Company's web site. LTIP 2015 has been finally settled in relation to participants in accordance with its terms and the Company has no further outstanding obligations towards the participants in LTIP 2015.

### **D.5 Adjustment Authorisation**

The Board, or a person appointed by the Board, shall be authorised to make any minor adjustments to the above resolutions that may be necessary in connection with the registration with the Swedish Companies Registration Office and Euroclear Sweden AB respectively.