



## Notice of Annual General Meeting of Shareholders in Enea AB (publ)

The shareholders in Enea AB (publ), corp. id. no. 556209-7146, (the "Company"), are hereby invited to attend the annual general meeting ("AGM") to be held on Tuesday May 8, 2018, at 4.30 p.m. at Kista Science Tower, Färögatan 33 in Kista, Stockholm. Registration starts at 3.30 p.m.

### Notice of attendance

Shareholders who wish to attend the AGM must be recorded as shareholder in the share register maintained by Euroclear Sweden AB no later than Wednesday May 2, 2018 and notify the Company no later than 5 p.m. on Wednesday May 2, 2018. Notice of attendance can be given by post to Enea AB (publ), P.O. Box 1033, 164 21 Kista, by telephone +46 8 507 140 00 or by e-mail to [arsstamma@enea.com](mailto:arsstamma@enea.com). Notice of attendance shall contain name, personal or corporate identification number, number of represented shares, address, telephone no. and assistant, if any, (no more than 2).

Shareholders represented by proxy shall issue a dated proxy. The proxy may be valid for a maximum of five years if so has been specifically stated. If no term of validity is stated, the proxy is valid for one year. The proxy shall be submitted to the Company well ahead of the AGM to the address stated above. Proxies issued by a legal entity must be accompanied by an attested copy of the entity's registration certificate. The registration certificate must not be older than one year. A proxy form will be kept available at the Company's website [www.enea.com](http://www.enea.com) and will also be sent to shareholders who so request and state their address.

In order to be entitled to attend the AGM, shareholder having shares registered in the name of a nominee must request the nominee to temporarily, and by no later than Wednesday May 2, 2018, have the shares re-registered in the share register in their own name. The shareholder shall inform the nominee to that effect well in advance.

### Agenda

Proposed agenda of the AGM

1. Opening of the meeting
2. Election of chairman of the AGM
3. Preparation and approval of the voting list
4. Approval of the agenda of the AGM
5. Election of one or two persons to verify the minutes and count votes (tellers)
6. Determination as to whether the AGM has been properly convened
7. Presentation by the managing director
8. Presentation of the annual report, the consolidated accounts, the auditors' report and the auditors' report on the consolidated accounts
9. Resolutions regarding
  - a) adoption of the income statement and the balance sheet, the consolidated income statement and the consolidated balance sheet
  - b) the appropriation of the Company's profit or loss in accordance with the adopted balance sheet
  - c) discharge of liability for the members of the board of directors and the managing director
10. Determination of the number of board members and deputy members and the number of auditors and deputy auditors



11. Determination of the fees to the board members and the auditors
12. Election of
  - a) members of the board of directors
  - b) chairman of the board
  - c) auditor
13. Resolution on the procedure on appointment of the members of the nominating committee
14. The board's proposition on authorization for the board to acquire and transfer treasury shares
15. The board's proposition on guidelines for remuneration to senior executives
16. The board's proposition on authorization for the board to issue new shares to finance further growth and expansion
17. The board's proposition on (A) long-term share based incentive plan and (B) transfer of treasury shares
18. Closing of the AGM

## **Propositions**

### **The board's proposition on the appropriation of the Company's profit or loss (item 9 b)**

The board proposes that there will be no dividend distributed to the shareholders regarding the financial year 2017.

### **Proposition by the nomination committee (item 2 and 10-13)**

The following persons serve on the nomination committee ("NC") for the AGM 2017; Per Lindberg, Sverre Bergland (DNB), Annika Andersson (Swedbank Robur Fonder) and Anders Skarin (chairman of the board of Enea AB). The NC has appointed Per Lindberg as its chairman. The propositions by the NC are supported by a unanimous NC.

The NC proposes that Anders Skarin is appointed to chair the AGM 2018.

The NC proposes that the board shall consist of six ordinary members elected by the general meeting without any deputy members and that one auditor is appointed.

According to NC's proposition, the remuneration to the board shall be a total of SEK 1,785,000 to be allocated with SEK 480,000 to the chairman and SEK 225,000 to the rest of the members elected by the general meeting and SEK 180,000 to be allocated amongst the members for committee work as follows: SEK 60,000 to the chairman of the audit committee and SEK 30,000 each to the two members and SEK 40,000 to the chairman of the remuneration committee and SEK 20,000 to the member.

The NC proposes that the auditor shall receive reasonable compensation as per invoice.

The NC proposes re-election of Kjell Duveblad, Mats Lindoff, Torbjörn Nilsson, Åsa Sundberg and Gunilla Fransson as members of the board and Anders Skarin as chairman of the board.

The NC proposes, according to the audit committee's recommendation, re-election of Öhrlings PricewaterhouseCoopers AB, with the certified accountant Niklas Renström as mainly responsible for the time being, as auditor for the period until the next AGM.

The NC proposes that a new NC shall consist of representatives of two of the largest shareholders as well as the chairman of the board. The NC may, however, also consist of



representatives of three or four of the largest shareholders as well as the chairman of the board, if the chairman of the board notices such an interest amongst the largest shareholders in connection with the formation of the NC. The chairman of the board is assigned to contact the four largest (according to number of votes) shareholders per September 30, 2018 and request them to each appoint a member of the NC. If more than two of those shareholders do not wish to appoint a member, additional shareholders (according to number of votes) will be requested to appoint a member of the NC. A shareholder representative should be appointed chairman of the NC. The names of the NC members shall be published in the Company's third quarterly interim report. The period of mandate for the appointed NC shall run until the next NC has been appointed. If a substantial change occurs in the shareholder structure following the constitution of the NC, and latest three months before the AGM, the NC shall be adjusted in accordance with the principles above. The NC shall prepare and make propositions to the AGM regarding election of the chairman of the AGM, election of the chairman of the board as well as other members of the board, remuneration for the board divided between the chairman and the other members as well as the distribution of remuneration, if any, for work in committees, election and compensation of auditors and deputy auditors (if any) and principles for appointment of a new NC. The NC shall have the right to charge the Company with costs for e.g. recruitment consultants and other costs that may arise in order for the NC to carry out its assignment.

#### **The board's proposition on an authorization for the board to acquire and transfer treasury shares (item 14)**

The board proposes that the AGM authorizes the board to acquire and transfer treasury shares according to the following. Acquisitions of shares may only be made on Nasdaq Stockholm (the "Marketplace") or in accordance with an offer to all shareholders in the Company. Acquisition may only be made of such amount of shares that the Company's holding of treasury shares at each time does not supersede ten percent of all shares in the Company. Transfer of shares may be made in other ways than on the Marketplace, including a right to deviate from the shareholders preferential rights and that payment may be made by other means than by cash. A maximum of ten percent of the total number of the shares in the Company may be transferred. The authorization stated above may be utilized on one or several occasions up until the AGM 2019. Acquisitions of shares on the Marketplace may only be made at a price within the registered price interval at the Marketplace. Transfer of shares in connection with acquisitions of businesses may be made at a market price estimated by the board.

The purpose of the authorization above to acquire and transfer shares is to continuously be able to adjust the capital structure of the Company to the capital needs of the Company, to enable financing, in whole or in part, in connection with acquisitions of businesses and for financing and/or securing delivery of shares in long-term incentive programs adopted by the AGM.

Decisions following this item on the agenda require support of shareholders representing at least two-thirds of both cast votes as well as the shares represented at the meeting.

#### **The board's proposition on guidelines for remuneration to senior executives (item 15)**

The board proposes that the AGM approves the following guidelines for remuneration to senior executives. Senior executives mean the management team of the group.

##### *Principles*

The Company shall offer competitive and market rate terms with respect to remuneration and other employment terms in order to recruit and retain senior executives. The total remuneration to senior executives consists of fixed salary, variable salary, pension premium and share related compensation.



Both the fixed and variable salary are set individually on a yearly basis. The variable salary has a stipulated maximum amount. Except for the managing director and certain other senior executives, the variable salary cannot exceed the fixed salary. The variable salary is based on outcomes in relation to targets determined annually, mainly in relation to the Company's revenue and operating profit and individual targets adapted to each executive. If the targets are achieved 50 percent of the maximum variable salary will be paid, but if the targets are exceeded up to 100 percent of the variable salary may be paid.

Senior executives can be given the opportunity to participate in share-based incentive plans decided by the shareholders' meeting, whereby remuneration may also be in the form of share-based compensation, provided the share-based incentive program's objectives and the other conditions are met.

The model for variable salary, as well as determining the outcome of the variable salary for senior executives, is determined by the board of directors following a proposition by the remuneration committee.

Remuneration for the managing director is decided by the board of directors following a proposition by the remuneration committee.

#### *Pension agreement*

Pension agreement for the managing director is decided by the board of directors following a proposition by the remuneration committee and represents 35 percent of the fixed and variable salary.

Other senior executives in Sweden have pension agreements that fall within the ITP-plan with a stipulated retirement age of 65 and pension premiums related to the salary of the employee. Pension premiums will be paid regularly.

#### *Severance pay*

In case of termination of the managing director's employment, the Company will observe a notice period of six months and the managing director a notice period of nine months towards the Company. A severance pay corresponding to twelve months fixed salaries will apply if the Company terminates the employment. The managing director is entitled to a severance pay corresponding to six months salaries if the ownership in the Company is changed to the extent that there are new majority shareholders. Dismissal pay and severance pay will be reduced in relation to any other earned income. For all other senior executives a notice period of three to twelve months applies.

The board reserves the right to deviate from the proposed guidelines, if there are particular reasons at hand in a specific case.

#### **The board's proposition on authorization for the board to issue new shares to finance further growth and expansion (item 16)**

The board proposes that the AGM authorizes the board until the AGM 2019, on one or more occasions, to decide on new issues of shares as follows.

This authorization entails the right to issue a maximum of 1,965 023 shares, i.e. maximum ten percent of the number of issued shares on the day of this notice.

Share issues may be made with or without deviation from the shareholders' preferential rights.

The issue price shall be based on market practice.



New shares may be paid in cash, by set-off or by contribution in kind or otherwise be subject to conditions referred to in chapter 13 § 5 first paragraph 6 of the Companies Act. The board shall have the right to decide the other terms and conditions of the share issue.

The board proposes that the managing director shall with full right of substitution be authorized to make necessary and small adjustments in order to enable registration of the resolution at the Swedish Companies' Registration Office.

Decisions following this item on the agenda require support of shareholders representing at least two-thirds of both cast votes as well as the shares represented at the meeting.

### **The board's proposition on (A) long-term share based incentive plan and (B) transfer of treasury shares (item 17)**

The board proposes that the AGM resolves on a long-term share based incentive plan (LTIP 2018) for Enea AB (publ) ("Enea") and on a transfer of treasury shares in accordance with items A and B below.

#### **A. LONG-TERM SHARE BASED INCENTIVE PLAN**

##### **1.1 LTIP 2018 in brief**

The primary reason for implementing LTIP 2018 is to align the interests of the shareholders with the interests of the executive management and other key employees to ensure maximum long-term value creation. LTIP 2018 is also considered to facilitate Enea's recruitment and retention of senior executives and other key employees. The specific purpose of LTIP 2018 is to offer the executive management of the recently acquired company Open Wave Mobility, and certain members of the executive management of Enea who did not participate in LTIP 2017, a long-term incentive. None of the participants in LTIP 2017 will participate in LTIP 2018.

LTIP 2018 comprises seven employees consisting of senior executives and other key employees. The participants are allocated performance share rights, which provide the participant with a right to acquire shares. Following the defined vesting period, the participants will, free of charge, be allocated shares in Enea provided that certain conditions are fulfilled. Allocation of shares requires the participant to remain employed within the Enea Group during the vesting period. In addition, a pre-requisite for the allocation of shares is that a certain performance target is fulfilled concerning Enea's average yearly growth in earnings per share during 2018-2020. The maximum number of shares in Enea, which may be allocated in total under the LTIP 2018, shall be limited to 180,000, which represents approximately 0.9 per cent of all outstanding shares and votes in the Company.

##### **1.2 Participants in LTIP 2018**

LTIP 2018 comprises seven employees divided into two categories. The first category comprises the CEO of a wholly-owned subsidiary of Enea and the second category comprises a number of members of Enea's executive management and other key employees who have been considered to have a significant impact on Enea's turnover and result (six employees).

New personnel that have been recruited but not yet commenced their employment with Enea when the notification of participation in the plan has to take place, can be offered participation on the condition that their employment starts.



### **1.3 Number of share rights and vesting period**

The number of share rights that a participant can be allocated depends on which category the participant belongs to. The participant in the first category can be allocated 36,000 share rights and participants in the second category can be allocated 24,000 share rights.

Allocation of shares in Enea, if any, based on share rights shall normally occur within ten (10) business days after the announcement of Enea's interim report for the period 1 January – 31 March 2021. The vesting period for LTIP 2018 commences when the participant enters into an agreement regarding participation in the plan and expires in connection with the announcement of Enea's interim report for the period 1 January-31 March 2021 (the "Vesting Period").

### **1.4 Terms for the share rights**

The following conditions shall apply for the share rights:

- The share rights are allocated free of charge a certain time after the AGM.
- The share rights may not be transferred or pledged.
- The right to receive allocation of shares based on share rights requires, with some limited exceptions, that the participant remains employed within the Enea Group during the Vesting Period. Allocation also requires that Enea fulfils a certain performance target as described under item 1.5.
- Enea will not compensate the participants in LTIP 2018 for ordinary dividends paid in respect of the shares that the respective share right entitles to.
- The maximum value (including any compensation that the participants receive for paid dividends) that a participant can receive for each share right is limited to SEK 312, which is 400 per cent of the average Enea share price during a period of ten trading days immediately following the announcement of the year-end report on 8 February 2018. If the value of the Enea share, at allocation, exceeds the maximum value, the number of shares that each share right entitles to will be reduced accordingly.

### **1.5 Performance target**

The number of share rights that entitles to allocation of shares depends on the fulfilment of the performance target applicable during the financial years 2018-2020 (the "Measurement Period") as follows:

The maximum level for allocation is that Enea's accumulated earnings per share during 2018-2020 amounts to at least SEK 18,89, which corresponds to an average yearly growth in earnings per share during the Measurement Period of 15 per cent in relation to the outcome for 2017. The minimum level for allocation is that Enea's accumulated earnings per share during 2018-2020 amounts to at least SEK 15,66, which corresponds to an average yearly growth in earnings per share during the Measurement Period of 5 per cent in relation to the outcome for 2017.

Where the level of fulfilment is between the minimum and maximum levels, allocation will occur on a linear basis based on the intermediate values.

### **1.6 Formulation and administration**

The board shall be entitled to resolve on the detailed terms for the execution of LTIP 2018. The board shall thereby be entitled to make minor adjustments in the AGM's resolution if the board considers there to be special reasons in an individual case. The board shall also be entitled to make adjustments to fulfil specific regulations or market conditions in other jurisdictions or, if



delivery of shares to participants outside Sweden cannot be made at reasonable costs and with reasonable administrative efforts, to make country-specific adjustments and/or offer cash settlement. If material changes occur in the Enea Group or in its business environment that would entail that the decided terms for allocation and the possibility to exercise the share rights in accordance with LTIP 2018 no longer are appropriate, the board shall be entitled to make other adjustments. Before finally determining the number of shares to be allocated based on the share rights, the board shall assess whether the outcome of LTIP 2018 is reasonable. This assessment is made in relation to Enea's financial earnings and financial position, conditions on the stock market and other circumstances. If the board is of the opinion that the outcome is not reasonable, the board shall reduce the number of shares to be allocated.

### **1.7 Requirement for long-term ownership**

To align further the executive managements' interests with the interests of the shareholders, the board considers that it is positive if those participants who are also members of the executive management retain the allocated shares (after deduction of applicable taxes). The guiding principle for participation in future share based incentive plans is that the members of the Company's executive management gradually, over time, accumulate and retain a holding of shares with a value corresponding to at least 18 months' base salary.

### **1.8 Scope**

The maximum number of shares in Enea which may be allocated under LTIP 2018 shall be limited to 180,000, which represents approximately 0.9 per cent of all shares and votes in the Company. In accordance with the detailed conditions that the board stipulates, the number of shares included in LTIP 2018 shall be subject to recalculation if Enea implements a bonus issue, a reversed share split or a share split, a rights issue, an extraordinary dividend or similar corporate actions taking into account customary practice for similar incentive plans.

### **1.9 Hedging**

The board has considered two alternative hedging methods for LTIP 2018; either a hedging arrangement (equity swap) with a bank securing delivery of shares under the plan or transfer of shares in Enea to entitled participants in LTIP 2018. The board considers the latter alternative to be the main alternative since it is considered more cost-efficient and less complicated. The board has therefore proposed that the AGM shall authorize the board to resolve on acquisition of shares in Enea in accordance with item 14 on the agenda as well as to resolve on transfer of shares in Enea that are held by the Company in accordance with item B below. Should, however, the AGM not approve of the board's proposal under item B, the board may enter into the hedging arrangement described above with a bank to secure the obligation of the Company to deliver shares under the plan.

### **1.10 Scope and costs under the plan**

The share rights cannot be pledged or transferred to others, but an estimated value for each share right can be calculated. The board has estimated that the average value of each share right is SEK 71.10. This estimate is based on a share price for the Enea share of SEK 75.80 less expected dividends during the Vesting Period. Based on the assumptions that all persons who have been offered participation in the plan participate, a 50 per cent fulfilment of the performance target and a yearly employee turnover of 10 per cent as well as a yearly increase of the share price of 10 per cent, it is estimated that the total cost of LTIP 2018, including social security costs, will amount to approximately MSEK 6.4 before tax. On a yearly basis the total estimated cost of LTIP 2018 equals approximately 0.7 per cent of Enea's total employee cost during the financial year 2017. In the event of the complete fulfilment of the performance target, the total cost is estimated to approximately MSEK 12.7 before tax.



The costs are treated as staff costs in the profit and loss accounts during the Vesting Period, in accordance with IFRS 2 on share-based payments. In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 over the Vesting Period. The size of these costs will be calculated based on Enea's share price development during the Vesting Period and allocation of the share rights.

#### **1.11 Effects on important key ratios**

Based on the assumptions stated above (including a 50 per cent fulfilment of the performance target), at full participation in LTIP 2018, Enea's yearly staff costs are expected to increase by SEK 2.2 million (including social security costs). On a pro-forma basis for 2017, these costs represent a negative effect of approximately 2.1 per cent on Enea's operating profit and a decrease in earnings per share of approximately SEK 0.12. However, the board considers that the positive effects on Enea's financial performance, which are expected to arise from the possibility to allocate shares under the plan, outweigh the costs related to LTIP 2018.

#### **1.12 The preparation of the proposal**

LTIP 2018 has been prepared in consultation with external advisors and processed with the remuneration committee and at board meetings during the spring 2018.

#### **1.13 Other incentive plans in Enea**

Please refer to Enea's annual report 2017, note 22 or the Company's website [www.enea.com](http://www.enea.com), for a description of other share based incentive plans that are still outstanding in Enea.

#### **1.14 The proposal by the board**

Referring to the description above, the board proposes that the AGM resolves on LTIP 2018.

#### **1.15 Majority requirement**

A resolution on LTIP 2018 in accordance with the board's proposal is valid where supported by shareholders holding more than half of the votes cast at the AGM.

### **B. RESOLUTION TO TRANSFER TREASURY SHARES**

The board's proposed resolution to transfer treasury shares as set out below, shall have as a pre-condition that the AGM first has resolved on a long-term share based incentive plan (LTIP 2018) in accordance with item A above.

#### **2.1 Transfer of shares in Enea to participants in LTIP 2018**

The board proposes that the AGM resolves on transfer of shares in the Company in accordance with the following.

- Not more than 180,000 shares in Enea may be transferred (or the higher number of shares due to recalculation as a result of a bonus issue, a reversed share split or a share split, a rights issue, a dividend compensation or similar actions).
- The shares may be transferred to participants in LTIP 2018 who under the terms for the LTIP 2018 are entitled to receive shares.
- Transfer of shares shall be made at the time and according to the other terms pursuant to which participants in LTIP 2018 are entitled to receive shares.



The reason for deviating from the shareholders' preferential rights is that the transfer of shares is part of the execution of LTIP 2018. Therefore, the board considers the transfer of shares in accordance with the proposal to benefit the Company.

## **2.2 Majority requirements**

A resolution by the AGM in accordance with item B above is valid when supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the AGM.

## **Other issues**

The total amount of shares and votes in the Company at the time of the issuance of this notice is 19,650,231 of which the Company has re-purchased and holds 314,760 treasury shares. The shareholders are reminded of their right to request information from the board and the managing director in accordance with chapter 7 section 32 of the Swedish Companies Act.

## **Documentation**

The annual report and the auditor's report, a compilation of the proposed board members' other engagements as well as the board's complete proposals and other documentation will be available at the Company no later than three weeks prior to the AGM. The documents will also be available at [www.enea.com](http://www.enea.com). Copies of the documents will be sent by post to shareholders requesting so and stating their postal address and will also be available at the AGM.

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Enea AB (publ)  
Kista, March 2018  
The Board

This English version is an unofficial translation. In case of discrepancies the Swedish version of this document shall prevail.

### **For more information contact:**

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### **About Enea**

Enea develops the software foundation for the connected society. We supply open-source based NFVI software platforms, embedded DPI software, Linux and real-time operating systems, and professional services. Solution vendors, Systems Integrators, and Service Providers use Enea to create world-class networking products and services. More than 3 billion people around the globe already rely on Enea technologies in their daily lives. Enea is listed on Nasdaq Stockholm.

For more information: [www.enea.com](http://www.enea.com)



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