

## **Official notification of Annual General Meeting of shareholders of Elos AB (publ)**

The shareholders of Elos AB (publ), 556021-9650 are hereby invited to the Annual General Meeting to be held on Tuesday 29 April 2014, at 5.00 p.m. (CET) at Stadt Hotel, Gamla Stadens Torg 1, Lidköping, Sweden.

### **Registration**

Shareholders who wish to participate in the Annual General Meeting must firstly, be recorded in the share register maintained by Euroclear Sweden AB on Wednesday April 23, 2014, and

Secondly, give notice to the company of their intention to attend no later than 12:00 noon (CET) on Wednesday April 23, 2014, by writing to the company at Nya Stadens Torg 10, SE-531 31 Lidköping, telephoning +46 (0)510 48 43 60, telefaxing +46 (0)510 680 04 or registering by email to [info@elos.se](mailto:info@elos.se). The registration must also include the shareholders' name, personal identification number and address, as well as details of any advisors (maximum two) who will be accompanying the shareholder.

Shareholders, whose shares are registered in the name of an authorised nominee through a bank's notary department or a private stockbroker, must temporarily re-register their shares in their own names at Euroclear Sweden AB no later than 23 April 2014 to be entitled to participate in the Annual General Meeting. The shareholder must inform the nominee in ample time prior to 23 April 2014.

Shareholders represented by proxy must issue a written power of attorney for the proxy. If the power of attorney is issued by a legal entity, it must be supported by an enclosed attested copy of the registration certificate or similar documentation for the legal entity. The power of attorney is to be valid for a maximum of one year from the date of issue, or for the maximum period stated in the power of attorney, although not more than five years from the date of issue. To facilitate checking in at the Annual General Meeting, the original power of attorney document and attested copies of the authorization documents (registration certificate or similar) should reach the company not later than 23 April 2014.

### **Business**

- 1 Opening of the General Meeting
- 2 Election of the chairman of the General Meeting
- 3 Preparation and approval of the Voting list
- 4 Approval of the Agenda
- 5 Election of two persons to verify the Minutes
- 6 Determination of whether the General Meeting has been duly convened
- 7 Address by the Managing Director
- 8 Presentation of the Annual Report and the Auditor's Report, as well as the consolidated financial statements and the Auditor's Report on the consolidated financial statements for 2013
- 9 Resolution on the adoption of the Income statement and statement of comprehensive income and the Balance sheet, as well as the Consolidated income statement and statement of comprehensive income and the Consolidated balance sheet
- 10 Resolution on the disposition of the earnings of the company in accordance with the adopted Balance sheet

- 11 Determination of the discharge from personal liability of the Members of the Board of Directors and the Managing Director
- 12 Determination of number of Members of the Board
- 13 Determination of the compensations to be paid to Members of the Board and the Auditors
- 14 Election of Members of the Board
- 15 Election of Auditors
- 16 Proposal by the Board of Directors concerning to amend the Articles of Association
- 17 Proposal by the Board of Directors concerning a resolution to authorise the Board to make decisions regarding new share issues
- 18 Proposal by the Board of Directors concerning guidelines for remuneration of senior executives
- 19 Proposal regarding resolution concerning the Nomination Committee
- 20 Other issues
- 21 Closing of the Meeting

### **Proposed resolutions**

Proposals with the main content as presented below will be presented to the Annual General Meeting regarding the following issues:

- Item 2            ***Election of Chairman of the Meeting***  
Nomination Committee's proposal for Chairman of the Annual General Meeting: Stig-Arne Blom
- Item 10           ***Proposed disposition of earnings***  
The Board of Directors proposes that a dividend of SEK 2.00 per share be paid for the 2013 financial year. The proposed record day for dividend entitlement is Monday, 5 May 2014. If the Annual General Meeting resolves in accordance with the proposal, dividends are expected to be distributed from Euroclear AB on Thursday, 8 May 2014.
- The Nomination Committee has proposed that the Annual General Meeting resolves as follows:*
- Item 12           ***Proposal concerning numbers of Board members***  
The Board of Directors shall consist of seven members.
- Item 13           ***Proposal concerning fees to Board members and Auditors***  
The compensation payable to the Board of Directors shall be divided as follows: SEK 250,000 to the Chairman of the Board and SEK 150,000 to each Board member who is not employed by the company. Compensation amounted to total SEK 150,000 to the Remuneration Committee and the Audit Committee to be divided among the Board members as the Board's decision.
- Compensation paid to the Auditor(s) will be payable in the amounts shown on submitted invoices.
- Item 14           ***Proposal concerning election of Board members***  
Re-election of Board members Agneta Bengtsson Runmarker, Stig-Arne Blom, Göran Brorsson, Jeppe Magnusson, Mats Nilsson, Erik Löwenadler and Thomas Öster.  
Stig-Arne Blom is proposed as Chairman of the Board.

### **Reasoned statement concerning the Nomination Committee's proposal to the Board**

As a basis for its proposal, the Nomination Committee has familiarised itself with the results an evaluation of the Board and its work and that was reported to the Nomination Committee through the Chairman of the Board. The Nomination Committee has also discussed the requirements for competency, experience and background expected of the Board of Directors of Elos AB, taking into account considerations such as the company's strategic development, and the need of governance and control. The question of independence and gender distribution was also addressed, as well the appropriateness of the size of the Board.

In the opinion of the Nomination Committee, the efficiency of the work conducted by the Board is of great importance to Elos AB. In view of this, and taking the current size of Elos' operations into account, the Nomination Committee has concluded that the size of the Board should not be changed.

The Nomination Committee is of the opinion that the proposed Board of Directors, with respect to the company's operations, phase of development and other circumstances, has an appropriate composition. Upon an assessment of the independence of the proposed members of the Board, the Nomination Committee has found that its proposal concerning the composition of the Board of Elos AB fulfils the independence requirements stipulated in NASDAQ OMX Stockholm's regulatory framework for issuers and the Swedish Code of Corporate Governance.

The Nomination Committee has also evaluated the size of the fees paid to the Directors as well as the remuneration payable for committee work. The Nomination Committee's proposal concerning director fees and remuneration for work on the Board's committees is based on an assessment of the requirements for responsibility, work input and qualifications to which the members of Elos AB's Board of Directors should be subject in view of the prevailing remuneration levels in the market.

Item 15

#### ***Proposal concerning election of Auditors***

Re-election of the public accounting firm Öhrlings PricewaterhouseCoopers AB, with Authorized Public Accountant Bror Frid as Auditor-in-charge, for the period through the close of the 2015 Annual General Meeting.

*A number of major shareholders representing more than half of the total votes for all shares in the company have announced that they will vote in accordance with the Nomination Committee's aforementioned proposals.*

Item 16

#### ***Proposal by the Board of Directors concerning to amend the Articles of Association***

§11 At the AGM the following items shall be decided:

8. Decision of numbers of the Board and Auditors
9. Decision about fees payable to Members of the Board and Auditors
10. Election of the Board Members and Auditors

Item 17

#### ***Proposal by the Board of Directors to authorise the Board to make decisions regarding new share issues***

The Board of Directors has submitted a proposal to authorise the Board during the period through the close of the next Annual General Meeting to

make one or more decisions to increase the company's share capital – at full conversion based on the conversion price on the issue date – by a maximum of SEK 3,750,000 through new issues of not more than 600,000 class B shares and/or convertible shares exchangeable for not more than 600,000 class B shares. The shares shall be issued without preferential rights for shareholders to participate in the issue(s). Decisions concerning new share issues may also contain specifications that subscription may be effected through payment of capital contributed in kind or through payment offsetting debt. The authorisation to make decisions concerning new share issues, in the form of non-cash issues and issues offsetting debt, is intended to create opportunities for the company to acquire all or parts of other companies. The terms and condition of share issues, including the issue price, shall be based on market value. Full utilization of the authorisation corresponds to approximately nine (9) per cent of the total number of shares.

Item 18

***Proposal by the Board of Directors concerning guidelines for remuneration of senior executives***

The Board of Directors proposes that the Annual General Meeting resolve in accordance with the guidelines presented below for remuneration and terms of employment for senior executives. The Board's proposal is largely in line with remuneration principles used in preceding years and is based on agreements already entered between the company and respective members of the corporate management. Remuneration matters are addressed and managed by the remuneration committee.

The guidelines shall apply to those persons who, during the period in which the guidelines apply, include members of the corporate management and senior executives of the Group. The guidelines shall apply for agreements entered after the Annual General Meeting's resolution and, for cases in which changes are made in existing agreements after the Annual General Meeting.

The company shall offer competitive total remuneration that makes it possible to recruit and retain leading management personnel. The remuneration of senior executives shall consist of a fixed salary; in addition, a variable salary, individual retirement pensions and other remuneration might also be included in the remuneration package. The combination of these payments comprises the individual's total remuneration. The variable salary may vary depending on assignment and agreements and shall not exceed 40 per cent of fixed salary. Individual retirement pensions are limited so that they are tax deductible for the company. Retirement age is normally 65.

Management's employment agreements include termination specifications. In accordance with these agreements, employment can usually be terminated at the employee's request with a 3-6 month notice of termination, while the company is normally obliged to serve a 6-12 month notice of termination. For the Managing Director of the company, a notice period of up to 24 months shall apply. Settlement shall be made against other sources of income during the termination notice.

The Board of Directors has the right to disapply the guidelines above if the Board feels there is justification for such deviations in a specific case.

***Proposal for resolution concerning the Nomination Committee***

**The Nomination Committee proposes that the Annual General Meeting adopt the following principles for appointing the Nomination Committee**

The Nomination Committee is to comprise no fewer than four and no more than six members, of whom one is to be the Chairman of the Board. Other members are to be appointed by those shareholders who, at the end of the month of September, are the largest shareholders in terms of voting rights in the company, as well as by the party who, in addition to the aforementioned, is the largest shareholder. If a shareholder should waive his/her entitlement to appoint a member, such entitlement switches to the next largest shareholder in terms of voting rights. In connection with the formation of the Nomination Committee, the Chairman of the Nomination Committee is to represent the largest shareholder in terms of voting rights, as long as the Nomination Committee does not unanimously decide to appoint someone else.

The company is to disclose the composition of the Nomination Committee through a press release and on the company's website.

When appointing the Nomination Committee, the rules of Items 2.3 and 2.4 of the Swedish Code of Corporate Governance (the Code) are to be observed, which entail, inter alia, that no member of company management may be a member of the Nomination Committee, that Board members are not to constitute a majority of the Committee and that no more than one constituent Board member of the Committee may be dependent in relation to any of the company's major shareholders.

No remuneration is to be paid to members of the Nomination Committee. The company is to defray reasonable expenses for consultants, advisers or other input that the Nomination Committee may require in order to perform its duties.

It is proposed that the Nomination Committee shall consist of one representative of each of three largest shareholders in terms of voting rights as per 30 September of every year, and one representative of the other shareholders. If a shareholder declines the offer to participate in the Nomination Committee, or decides to resign from the committee, the right to appoint a representative shall be delegated to the next largest shareholder. If any of the shareholders represented on the committee sells their shares, and thus are no longer one of the largest shareholders, their representative shall be replaced. The right to appoint a representative will then be offered to the next largest shareholder. The members of the Nomination Committee are to name a committee Chairman from among their numbers and appoint a representative for other shareholders. The composition of the Nomination Committee shall be announced and made available on the company's website not later than six months before the Annual General Meeting.

The Nomination Committee shall submit proposals regarding the following issues for approval by the 2015 Annual General Meeting:

- election of chairman of the Annual General Meeting, number of Board members, election of Board members, chairman of the Board and, election of Auditor(s).
- decision concerning fees payable to Members of the Board, remuneration for committee work and compensation payable to the Auditor.

**Other**

The financial accounts, the auditor's report, comments by the auditor in accordance with Chapter 8, Section 54 of the Swedish Companies Act, power(s) of attorney forms and the Board's complete proposals concerning resolutions will be made available to shareholders in the company from 8 April 2014 and may be accessed at the company's website [www.elos.se](http://www.elos.se) and the company's head office, Nya Stadens Torg 10, Lidköping, Sweden. These documents will be sent to shareholders upon request, which must include the shareholder's postal address.

The Board of Directors and the President, if requested by a shareholder and the Board does not consider the information harmful to the company, are required to disclose information about: the conditions that could influence the assessment of an issue on the agenda; conditions that could impact the assessment of the financial situation of the company or subsidiaries; and the company's relationship to other Group companies.

The total number of shares in the company is 6,051,000 comprising 1,099,740 class A shares and 4,951,260 class B shares. The total number of votes in the company is 1,594,866.

After the Annual General Meeting, the company will serve light refreshments.

Lidköping, March 2014

The Board of Directors