

The shareholders in

## Tobii AB (publ)

are hereby summoned to the annual general meeting on Wednesday, 11 May 2016 at 5 p.m. at Bygget Fest & Konferens, Norrlandsgatan 11, Stockholm.

### **Notification etc.**

Shareholders who wish to participate in the annual general meeting must

*firstly* be included in the shareholders' register maintained by Euroclear Sweden AB as of Wednesday, 4 May 2016, and

*secondly* notify the company of their participation in the annual general meeting no later than on Friday, 6 May 2016. The notification shall be in writing to Tobii AB, Karlsrovägen 2D, Box 743, 182 17 Danderyd, Sweden, or via e-mail: [generalmeeting@tobii.com](mailto:generalmeeting@tobii.com). The notification should state the name, personal/corporate identity number, address, telephone number and shareholding and, when applicable, information about representatives, counsels and assistants. When applicable, complete authorization documents, such as registration certificates and powers of attorney for representatives and counsels, shall be appended the notification.

### **Nominee shares**

Shareholders, whose shares have been registered in the name of a bank or other trust department or with a private securities broker, must temporarily re-register their shares in their own names with Euroclear Sweden AB in order to be entitled to participate in the annual general meeting.

Shareholders wishing such re-registration must inform their nominee of this well before Wednesday, 4 May 2016, when such re-registration must have been completed.

### **Proxy etc.**

Shareholders represented by proxy shall issue dated and signed power of attorney for the proxy. If the power of attorney is issued on behalf of the proxy or, should the right to vote for the shares be divided among different representatives, the representatives, together with information on the number of shares each representative is entitled to vote for. The proxy is valid for one year from the issuance or the longer period of validity stated in the proxy, however not more than five years from the issuance. If the proxy is issued by a legal entity, attested copies of the certificate of registration or equivalent authorization documents, evidencing the authority to issue the proxy, shall be enclosed. 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 annual general meeting. A proxy form is available on the company's website, [www.tobii.com](http://www.tobii.com), and will also be sent to shareholders that so request and inform the company of their postal address.

The shareholders are reminded of their right to ask questions to the Board of Directors and the CEO at the annual general meeting in accordance with Chapter 7, Section 32 of the Swedish Companies Act (Sw. *aktiebolagslagen*).

## Number of shares and votes

There are, as of the day of this notice, 87,613,033 shares in the company. As of the day of this notice, the company holds no own shares.

## Proposed agenda

1. Election of a chairman of 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. Submission of the annual report and the auditors' report and, where applicable, the consolidated financial statements and the auditors' report for the group.
7. Resolutions regarding:
  - a. Adoption of the income statement and the balance sheet and, when applicable, the consolidated income statement and the consolidated balance sheet;
  - b. Allocation of the company's profits or losses in accordance with the adopted balance sheet;
  - c. Discharge of the members of the board of directors and the managing director from liability.
8. Determination of the number of members and deputy members of the board of directors to be elected by the shareholders' meeting and the number of auditors and, where applicable, deputy auditors.
9. Determination of fees for members of the board of directors and auditors.
10. Election of the members of the board of directors.
11. Election of auditors and, where applicable, deputy auditors.
12. Proposal for resolution regarding the principles for the appointment of the nomination committee.
13. Proposal for resolution regarding guidelines for remuneration and other terms of employment for the group management.
14. Proposal regarding authorization for the board of directors to resolve to issue new shares.
15. Proposal for resolution regarding incentive programme 2016 and issue of warrants
16. Closing of the meeting.

## Proposal regarding appropriation of the company's result (item 7 b)

The Board of Directors and the managing director propose that the company's results shall be carried forward and thus no dividend will be distributed.

## Determination of the number of members and deputy members of the board of directors, fees to the board of directors and election of members of the board of directors (items 8, 9 and 11)

The nomination committee, appointed in accordance with the principles established by the annual general meeting on 11 June 2015, consists of Mikael Johnsson (appointed by Amadeus Capital Partners), Mats Lindahl (appointed by the Sixth AP Fund), Örian Odenbro (appointed by the company's founders) and Kent Sander (chairman of the board of directors). The nomination committee has appointed Mikael Johnsson as the nomination committee's chairman. The nomination committee proposes that:

- Attorney at law Jesper Schönbeck is proposed to chair the annual general meeting (item 1).
- The number of members of the board of directors shall be seven (7), with no deputy members. The number of auditors shall be one (1) authorized accounting firm (item 8).
- That the fees to the board of directors shall amount to SEK 1,725,500 to be allocated with SEK 395,000 to the chairman of the board of directors and SEK 185,000 to each other member of the board of directors. Remuneration for committee work shall be paid with in total a maximum of SEK 220,500, whereof SEK 141,500 shall be allocated to the audit committee (whereof SEK 47,000 to the chairman of the committee and SEK 31,500 to each of the other three members)

and SEK 79,000 to the remuneration committee (whereof SEK 37,000 to the chairman of the committee and SEK 21,000 to each of the other two members) (item 9).

- Auditors' fee is proposed to be on current account (item 9).
- Re-election of the members of the board Kent Sander, John Elvesjö, Nils Bernhard, Åsa Hedin and Martin Gren and election of Heli Arantola and Jan Wäreby as new members of the board. Anders Ösund has declined re-election. Kent Sander is proposed to be re-elected as chairman of the board (item 10).
- Re-election of the accounting firm PricewaterhouseCoopers AB (item 11).

### **Proposal for resolution regarding the principles for the appointment of the nomination committee (item 12)**

The nomination committee proposes that the annual general meeting resolves to approve the nomination committee's proposal for resolution regarding the nomination committee as set forth below.

Ahead of each annual general meeting, the nomination committee shall be composed of representatives of the three largest shareholders listed in the shareholders' register maintained by Euroclear Sweden as of September 30 each year, together with the chairman of the board of directors. In total the nomination committee shall thus comprise of four members. If a shareholder chooses not to exercise the right to appoint a representative, the right shall pass on to the largest shareholder in respect of voting power who has not appointed a representative. As long as the three founders, Henrik Eskilsson, John Elvesjö and Mårten Skogö, directly or indirectly, together hold shares in the company that makes them one of the three largest shareholders, they have the right to jointly nominate one of the three shareholder representatives in the nomination committee. The member representing the largest shareholder shall convene the first meeting of the nomination committee and be appointed chairman of the nomination committee, unless the nomination committee unanimously appoints someone else. However, the chairman of the board of directors may not be chairman of the nomination committee. If earlier than three months prior to the annual shareholders' meeting, one or more of the shareholders having appointed representatives to the nomination committee no longer are among the three largest shareholders, representatives appointed by these shareholders shall resign and the shareholders who then are among the three largest shareholders may appoint their representatives. Should a member resign from the nomination committee before its work is completed and the nomination committee considers it necessary to replace him or her, such substitute member is to represent the same shareholder or, if the shareholder is no longer one of the largest shareholders, the largest shareholder in turn. Changes to the composition of the nomination committee must be announced immediately.

### **Proposal for resolution regarding guidelines for remuneration and other terms of employment for the group management (item 13)**

The board of directors proposes that the annual general meeting resolves to approve the board of directors' proposal regarding guidelines for remuneration and other employment terms for the company's senior managers as follows.

#### ***The group managers' terms and remunerations and general principles for remuneration***

The company applies market competitive salaries and compensations (on the geographic market the individual lives or works) including both a fixed and a variable component which are compared to an external database with employee compensation data. Compensation to the CEO and other senior managers are comprised of base salary, variable compensation, pension and long-term share price based incentive programs, which can include some salary compensation. Senior management includes those executives who, including the CEO, form the company's Group Management Team. The variable compensation is based on pre-defined targets, and may for instance be a combination of

revenue, income, cash flow and activity targets. The targets will be set annually by the board compensation committee with the intention that they shall be in line with the company's strategy and financial goals.

For the CEO the variable compensation is capped at 100% of the base salary and for other senior managers at between 0% and 60% of the base salary.

The company makes provisions in its accounts for the total cost for all variable compensations, including pay-roll costs.

### ***Pension liability***

The pension obligation to senior managers amount to between 10% and 30% of the annual base salary. All pension plans are based on the fixed contribution principle.

### ***Redundancy payment***

Both the company and the CEO have the obligation to give notice four months before termination of the CEO's employment with the company. In case the employment is terminated by the company, the CEO is entitled to a severance payment amounting to four times the monthly base salary.

For other senior managers, the notice period is between three and six months. Some of the senior managers are entitled to severance payment, corresponding to maximum six times the monthly base salary.

The Board of Directors is entitled to make exception to these guidelines when there are special circumstances.

### **Resolution regarding authorization for the board of directors to resolve to issue new shares (item 14)**

The board of directors proposes that the meeting authorizes the board of directors to resolve to issue of new shares on one or several occasions until the next annual general meeting, without preferential rights for the shareholders, against payment through set-off or in kind. However, such issue of shares must never result in the company's issued share capital or the number of shares in the company at any time, being increased by more than a total of 10 per cent. The purpose of the authorization is to enable the board to make acquisitions of companies and products. The managing director is authorized to make such minor adjustments to this decision that may be necessary in connection with the registration.

### **Proposal for resolution regarding incentive programme 2016 and issue of warrants (item 15)**

The board of directors proposes that the annual general meeting resolves to implement a long term incentive program for senior executives and key employees within the Tobii group ("**LTI 2016**") in accordance with items 15 (a) – 15 (c) below. The resolutions under items 15 (a) – 15 (c) below are proposed to be conditional upon each other and for that reason it is proposed that all resolutions are to be passed as one resolution. LTIP 2016 is proposed to include up to approximately 80 senior executives and key employees within the Tobii group.

### ***Proposal regarding the adoption of LTI 2016 (item 15 (a))***

LTI 2016 comprises two series. Series 1 consists of warrants to be transferred to employees and the warrants have a vesting period of 3.5 years after which the holders is entitled to exercise the warrants to subscribe for shares during a period of six months. Series 2 comprise of employee stock options

vested linearly over a period of four year after which the holder is entitled to exercise the employee stock options to subscribe for shares during a period of six years.

The board therefore proposes the meeting to resolve to issue new shares of not more than 870,000 warrants, of which not more than 730,000 may be issued in Series 1 and not more than 140,000 warrants may be issued in Series 2. The subscription right in respect of warrants of Series 1 and Series 2 shall be able to be subscribed for by the wholly-owned subsidiary Tobii Technology Options AB, which shall transfer the options of Series 1 to employees of the group and hold warrants of Series 2 to ensure delivery of shares upon exercise of employee stock options in Series 2. Each warrant entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Tobii Technology Options AB.

Below is a description of the terms and conditions for each of the option series.

### Series 1 – Warrants

The company will transfer the warrants in Series 1 to the participants at a price corresponding to the market value of the option (i.e. the option premium). Warrants of Series 1 may be transferred to the CEO and other senior executives (Category A) and to other senior managers and key employees not employed by the company's U.S. business (Category B).

Each warrant shall, during the period commencing on 1 December 2019 and up to and including 31 May 2020, entitle the holder to subscribe for one new share in Tobii at an exercise price corresponding to 130 per cent of the average volume weighted Tobii share price as quoted on Nasdaq Stockholm's official price list during the period 10 trading days calculated from 9 May 2016 and onwards.

The issued warrants of Series 1 shall, with disapplication from pre-emption rights, be able to be subscribed for by Tobii Technology Options AB – a wholly owned subsidiary to Tobii – whereafter this company shall offer the warrants to the participants. The transfer of the warrants in Series 1 shall be made at a price corresponding to the market value of the warrants (the warrant premium), calculated according to the Black & Scholes valuation model. The valuation of the warrants shall be made by an independent appraiser or auditor firm. The company shall in connection with the transfer of the warrants to the participants reserve a pre-emption right regarding the warrants if the participant's employment or assignment within the group is terminated or if the participant wishes to transfer its warrants.

The transfer of the warrants in accordance with the above-mentioned proposal may take place only to the extent that the total number of warrants does not exceed 730,000 warrants.

### Series 2 – Employee stock options (with warrants as hedging arrangement)

The company will allot employee stock options to senior managers and other key employees within the company's U.S. business (Category C). Each option entitles the employee to acquire one share in Tobii in accordance with the following terms and conditions:

- The employee stock options will be granted free of charge.
- Each employee stock option entitles the holder to acquire one share in the company at an exercise price corresponding to 120 per cent of the average volume weighted Tobii share price as quoted on Nasdaq Stockholm's official price list during the period 10 trading days calculated from 9 May 2016 and onwards.
- The employee stock options are vested over a period of four years, of which one quarter of the options granted shall be deemed vested on 31 May 2017, 2018, 2019 and 2020,

respectively. The employee stock options may be exercised for subscription of shares during the period commencing on 31 May 2020 up to and including 31 May 2026.

- The employee stock options may not be transferred or pledged.
- As a rule, the employee stock options shall only be available to be exercised if the holder is still an employee within the group.

#### Recalculation due to split, consolidation, new share issue, etc.

The exercise price for Series 1 and Series 2, determined as set out above, shall be rounded to the nearest SEK 0.10, whereby SEK 0.05 shall be rounded downwards. The exercise price and the number of shares that each employee stock option entitles to subscription for shall be recalculated in the event of a split, consolidation, new share issue etc. in accordance with market practice. If the warrants are completely exercised the share capital will increase by SEK 6,313.59.

#### Allocation of warrants

The right to receive warrants shall accrue to the CEO and other executive management, and other senior managers and key employees not employed by the company's U.S. business, which have entered into a pre-emption agreement with Tobii, and the right to receive employee stock options shall accrue to senior managers and other key employees within the company's U.S. business. The following allocation applies to the grant of options within each series.

	<b>Maximum number of options for each participant</b>	<b>Total number of options within the category</b>
<b>Category A – not more than 7 people</b>	70,000 warrants	350,000 warrants
<b>Category B – not more than 50 people</b>	20,000 warrants	380,000 warrants
<b>Category C – not more than 20 people</b>	20,000 employee stock options	140,000 employee stock options

Board members shall not be eligible to participate in LTI 2016.

#### Costs

The transfer of the warrants in Series 1 shall be made at a price corresponding to the market value of the warrants and therefore no social security contributions are to be paid by the group in relation to the issue and transfer of the warrants. The market value of the warrants is, in accordance with a preliminary valuation made based on a market value on the underlying share corresponding to SEK 56, SEK 10.44 per warrant, assuming an exercise price of SEK 72.80 per share. The Black & Scholes valuation model has been used for valuing the warrants, assuming a risk free interest of 0,1 per cent and a volatility of 35 per cent.

To encourage participation in the LTI 2016, the intention is that employees who choose to participate in the program will receive a premium subsidy in the form of extra salary of an amount after tax, calculated by applying a tax rate of 50 percent, equivalent to 50 percent of the option premium paid. Tobii costs of above extra salary payments amounts to approximately SEK 10 million.

Costs related to the employee stock options in Series 2 will be accounted for in accordance with IFRS 2 which stipulated that the employee stock options should be recorded as a personnel expense in the

income statement during the vesting period. The total costs for the employee stock options are expected to amount to SEK 1.8 million during the term of the programme.

The total costs, including other expenses for LTI 2016 related to fees to external advisors and costs for administration of the programme, are estimated to amount to approximately SEK 12 million during the term of the programme, under the assumption of a share price of SEK 56.

#### Effect on important key ratios

The costs for LTI 2016 amount to approximately 1.2 per cent of Tobii's revenues for the financial year 2015.

#### Dilution of existing shares and votes

Based on the number of shares and votes outstanding in the company, LTI 2016 implies, upon exercise of all 870,000 warrants in Series 1 and Series 2, a full dilution corresponding to approximately 1 per cent of the total number of shares and votes outstanding in the company. If all outstanding incentive programmes in the company are included in the calculation, the corresponding maximum level of dilution amounts to approximately 4.7 per cent.

Information about Tobii's current incentive programmes is available in the annual report for the financial year 2015, note 8, and on the company's website, [www.tobii.com](http://www.tobii.com).

#### The background and rationale for the proposal

The rationale for the proposal is to create opportunities to keep competent and to increase the motivation amongst management to the group. The board of directors considers that the adoption of the incentive programme as described above is in the favour of the group and the shareholders in the company.

#### Preparation of the proposal

In accordance with guidelines provided by the board of directors, LTI 2016 has been prepared by the company's management team in consultation with external advisors and has been reviewed by the remuneration committee and at the meeting of the board of directors held on 22 March 2016 in Danderyd.

#### Majority Requirement

A resolution to approve LTI 2016 is valid only where supported by shareholders holding not less than nine-tenths of both the shares voted and of the shares represented at the Meeting.

#### **Proposal regarding issue of warrants in Series 1 (item 15 (b))**

The board of directors proposes that the company shall issue not more than 730,000 warrants for subscription of shares, whereby the company's share capital may be increased by not more than SEK 5,297.610778, at full subscription corresponding to approximately 0.83 per cent of the total share capital and the total number of votes in Tobii.

The right to subscribe for warrants for subscription only accrues to the subsidiary Tobii Technology Options AB, with the right and obligation to dispose of the warrants as described above. Each warrant entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Tobii Technology Options AB. There can be no over-allotment.

#### **Proposal regarding issue of warrants in Series 2 (item 15 (c))**

The board of directors proposes that the company shall issue not more than 140,000 warrants for subscription of shares, whereby the company's share capital may be increased by not more than SEK



1,015.980149, at full subscription corresponding to approximately 0.16 per cent of the total share capital and the total number of votes in Tobii.

The right to subscribe for warrants for subscription only accrues to the subsidiary Tobii Technology Options AB, with the right and obligation to dispose of the warrants as described above. Each warrant entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Tobii Technology Options AB. There can be no over-allotment.

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The annual report, the auditor's report, any complete proposal to the general meeting and the auditor's statement whether the board of directors' guidelines for remuneration to key executives have been applied will not later than on 20 April 2016 be held available at the company's office at Karlsrovägen 2D, 182 53 Danderyd, Sweden, and will be sent to the shareholders who so request and inform the company of their postal address.

Danderyd, April 2016  
**Tobii AB (publ)**  
*The Board of Directors*

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