

## **NOTICE OF AN EXTRAORDINARY GENERAL MEETING IN EVOLUTION AB (PUBL)**

**Evolution AB (publ), 556994-5792, holds an extraordinary general meeting on Friday 16 June 2023 at 14.00 (CEST) at Berns, Näckströmsgatan 8, in Stockholm, Sweden. Entry and registration begin at 13.30 (CEST).**

The board of directors has, pursuant to Chapter 7, Section 4 a of the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the company's articles of association, decided that shareholders shall be able to exercise their voting rights by post prior to the general meeting. Accordingly, shareholders may choose to participate in the general meeting in person, by proxy or through postal voting.

### **EXERCISE OF VOTING RIGHTS AT THE GENERAL MEETING**

Shareholders who wish to exercise their voting rights at the general meeting must:

- be entered as a shareholder in the share register kept by Euroclear Sweden AB (“**Euroclear**”) on Thursday 8 June 2023 or, if the shares are registered in the name of a nominee, request from the nominee that the shares are registered for voting purposes in such time that the registration is completed not later than on Monday 12 June 2023; and
- give notice of participation to the company in accordance with the instructions set out in the section “*Notice of attendance in person or by proxy*”, or submit a postal vote in accordance with the instructions set out in the section “*Instructions for postal voting*”, not later than on Monday 12 June 2023.

### **Notice of attendance in person or by proxy**

Shareholders who wish to attend the general meeting in person or by proxy shall give notice to the company of this either electronically on the company's website ([www.evolution.com](http://www.evolution.com)), by e-mail to [proxy@computershare.se](mailto:proxy@computershare.se), by post to Evolution AB (publ), “Extraordinary General Meeting”, c/o Computershare AB, Box 5267, SE-102 46, Stockholm, Sweden or by telephone on +46 (0)771-24 64 00 on weekdays between 09:00 and 16:00 (CEST). The notice of attendance must state the shareholder's name or company name, personal identification number or corporate registration number, address, telephone number and, where applicable, the number of accompanying advisors (not more than two).

Shareholders who do not wish to participate in person or exercise their voting rights by postal voting may exercise their voting rights at the general meeting through a proxy with a written, signed and dated power of attorney. If the power of attorney is issued by a legal entity, a copy of the certificate of registration or an equivalent authorisation document for the legal entity must be enclosed.

In order to facilitate the registration at the general meeting, powers of attorney, certificates of registration and other documents of authority should be received by the company at the address Evolution AB (publ), “Extraordinary General Meeting”, c/o Computershare AB, Box 5267, SE-102 46, Stockholm, Sweden or be sent by email to [proxy@computershare.se](mailto:proxy@computershare.se) not later than on Monday 12 June 2023. Please note that notice of attendance must be given even if a shareholder wishes to exercise its rights at the general meeting through a proxy. A submitted power of attorney is not considered as a notice of attendance. A template proxy form is available on the company’s website ([www.evolution.com](http://www.evolution.com)).

### **Instructions for postal voting**

Shareholders who wish to exercise their voting rights by postal voting must use the postal voting form and follow the instructions that are available on the company’s website ([www.evolution.com](http://www.evolution.com)). The postal vote must be received by the company not later than on Monday 12 June 2023. The postal voting form must either be sent by e-mail to [proxy@computershare.se](mailto:proxy@computershare.se), be submitted electronically in accordance with the instructions on the company’s website ([www.evolution.com](http://www.evolution.com)) or be sent by post to Evolution AB (publ), “Extraordinary General Meeting”, c/o Computershare AB, Box 5267, SE-102 46 Stockholm, Sweden. If the shareholder is a legal entity, a valid registration certificate or other equivalent authorisation document must be enclosed with the form. The same applies if the shareholder is voting by post through a proxy.

Shareholders who wish to revoke a submitted postal vote and instead exercise their voting rights by attending the general meeting in person or by proxy must notify the secretariat of the general meeting before the general meeting opens.

### **PROCESSING OF PERSONAL DATA**

Personal data obtained from the share register, notices of attendance at the general meeting and information regarding proxies will be used for registration, preparation of the voting list for the general meeting and, where applicable, the minutes of the general meeting.

For more information on how personal data is processed in connection with the general meeting, please refer to the privacy notices that are available on Euroclear’s and Computershare AB’s websites ([www.computershare.com/se/gm-gdpr#English](http://www.computershare.com/se/gm-gdpr#English) and [www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf)).

## **PROPOSED AGENDA**

1. Opening of the general meeting
2. Election of a chairman of the general meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes of the meeting
6. Determination of whether the general meeting has been duly convened
7. Resolution on an incentive programme by way of an issue of warrants with subsequent transfers to the participants
8. Closing of the meeting

### **Item 2: Election of a chairman of the general meeting**

The board of directors proposes that Fredrik Palm, a member of the Swedish Bar Association active at Gernandt & Danielsson Advokatbyrå, or, if he is absent, the person appointed by the board of directors, is elected as chairman of the general meeting.

### **Item 5: Election of one or two persons to verify the minutes of the meeting**

The board of directors proposes that Erik Sprinchorn who represents TIN Fonder, or, if he is absent, the person appointed by the board of directors, is appointed to, in addition to the chairman, verify the minutes of the general meeting.

### **Item 7: Resolution on an incentive programme by way of an issue of warrants with subsequent transfers to the participants**

#### ***The incentive programme in brief***

- The board of directors proposes that the general meeting resolves to establish an incentive programme under which the company invites up to 300 persons within the group to acquire warrants in the company. The program will comprise the CEO of the company and current and future members of the senior management and key personnel.
- The proposal entails that the general meeting resolves on establishing the program and the issue and transfer of up to 2,500,000 warrants (equivalent to a maximum dilution of approximately 1.16 per cent) to implement the program, which requires support by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the general meeting.
- The rationale for the proposed incentive programme is to create conditions for retaining and recruiting competent personnel to the group, increase the motivation amongst the participants, increase their loyalty to the company and align their interests with that of the company's shareholders as well as to

promote a personal shareholding and thereby promote shareholder value and the company's long-term value creation capability.

- Each warrant shall entitle the participants to, after a three year period, *i.e.*, in 2026, subscribe for one new share in the company at a price equivalent to 130 per cent of the volume-weighted average price of the company's share on Nasdaq Stockholm during a ten day measurement period in connection with the general meeting.
- The allocation of warrants to employees for the incentive program would be determined based on the participants' performance. The performance metrics include both financial criteria such as revenue growth and EBITDA margins and non-financial criteria, such as compliance with Evolution's Code of Ethics.
- Of the 2,500,000 warrants, up to half may be allotted free of charge to match warrants acquired by participants at fair market value (*i.e.*, one free warrant will be allotted for each warrant acquired at fair market value). All other warrants will be allotted at fair market value. A participant is obligated to give back any free warrants received if they leave employment with the group, and to offer the company to repurchase any warrants acquired at fair market value.

### **Background**

The remuneration to management in Evolution is based on annual fixed salaries. A limited number of senior executives, but not the CEO, and the sales organisation have one part of their compensation that is variable based on performance. All variable compensation is based on predetermined and measurable performance criteria that may be based on financial and non-financial objectives, as determined from time to time.

To attract and retain employees from a global pool of talent, Evolution has for several years also had long-term share based incentive programs consisting of warrants.

The allocation of warrants to employees for the 2023-2026 incentive program would be determined based on the participants' performance. The performance metrics include both financial criteria such as revenue growth and EBITDA margins and non-financial criteria, such as compliance with Evolution's Code of Ethics. Further, in order for the warrants to have any value, Evolution's share price needs to increase by more than 30% compared to the share price during a measurement period in connection to the general meeting. This is also the sole incentive once the warrants have been allocated.

Warrants are purchased at fair market value by the participants. In jurisdictions where it is favourable for the company and the participants from a tax perspective, participants are offered one free warrant for every warrant purchased (no free

warrants are given unless a warrant is purchased at fair market value). A participant is obligated to give back any free warrants received if they leave employment with the group, and to offer the company to repurchase any warrants acquired at fair market value.

The company believes that the proposed program of 2,500,000 warrants will, together with other factors, be beneficial to globally attract the necessary new talent to achieve continued targeted growth and performance.

### ***Terms and conditions of the incentive program***

#### ***Price and valuation***

Each warrant shall entitle the participant to subscribe for one new share, at a price equivalent to 130 per cent of the Original Price. The “**Original Price**” is equal to the volume-weighted average price of the company’s share on Nasdaq Stockholm during a period from and including 1 June 2023 up to and including 15 June 2023.

The participants shall acquire the warrants at the fair market value in cash. For each warrant the participant acquires at fair market value, the company may allot an additional warrant to the participant free of charge. The free warrants can only be exercised if the warrants acquired at fair market value are held until the beginning of the exercise period.

The fair market value shall be determined in accordance with the Black & Scholes valuation model (with a reduction of the value to reflect that the warrants will not be traded on a liquid market). The valuation of the warrants shall be made by Svalner Skatt & Transaktion (“**Svalner**”) or another well-reputed investment bank, accounting firm or financial advisor with valuation expertise. A preliminary valuation of the warrants has determined the fair market value to be SEK 182 per warrant (including the reduction to reflect that the warrants will not be traded on a liquid market). The preliminary valuation has assumed a price of the Evolution share of SEK 1,389 (corresponding to the closing price of the company’s share on Nasdaq Stockholm on 17 May 2023, which implies a subscription price of SEK 1,805.7), a risk-free interest rate of 2.71 per cent, a volatility of 35 per cent and total dividends of SEK 96.1 per share during the period until the warrants can be exercised.

The warrants shall also entitle the participants to utilise an alternative exercise model, which entails that the cash amount payable upon exercise is reduced. The complete terms and conditions of the warrants set out the details of the alternative exercise model. In short, it entails a reduction of the number of shares that can be subscribed for but that such shares are subscribed for at the quota value. This means that the alternative exercise model will also lead to reduced dilution. An illustrative example (based on the same assumptions as the preliminary market valuation above) is set out below:

*Illustrative example based on an assumed subscription price of SEK 1,805.7 per share*

<b>The average share price in conjunction with subscription*</b>	<b>Total number of new shares</b>	<b>Total dilution</b>
SEK 1,900	124,081	0.06%
SEK 2,100	350,363	0.16%
SEK 2,300	537,291	0.25%
* Pursuant to the complete terms and conditions of the warrants, the average share price shall be calculated based on a period of five trading days following the first day of the application period for subscription of new shares by exercise of the warrants.		

#### *Exercise period*

The warrants may be exercised during the period from and including 1 August 2026 (however not earlier than the day after the publication of the company's interim report for the period January–June 2026) up to and including the date that falls 30 calendar days thereafter. The exercise period may be extended for participants who are prevented from exercising their warrants due to applicable laws on insider trading or similar.

#### *Allotment*

The board of directors of the company shall decide on the allotment of warrants to participants. Warrants shall be allotted on 31 July 2023 at the latest. Members of the company's board of directors shall not be allotted any warrants.

The maximum number of warrants that can be allotted to participants is based on the group to which such participant belongs, as set out below.

**The CEO of the company:** up to 250,000 warrants.

**Group 1 (up to 50 persons):** members of the senior management and senior key personnel, up to 100,000 warrants each.

**Group 2 (up to 250 persons):** other key personnel, up to 75,000 warrants each.

In each case the maximum number of warrants includes both warrants acquired at fair market value and warrants transferred free of charge.

In connection with the transfer of warrants to the participants, the company shall reserve the right to repurchase warrants if a participant's employment or engagement with the group is terminated or if a participant wishes to transfer his or her warrants.

#### ***Dilution***

If all 2,500,000 warrants are exercised for subscription of 2,500,000 shares, the dilution effect will be approximately 1.16 per cent (based on the total number of shares in the company as of the date of this proposal). Upon full exercise of these

2,500,000 warrants and the 3,708,479 outstanding warrants 2021/2024 (i.e., 6,208,479 warrants in total, which entitle to subscription of 6,208,479 shares in total), the total dilution effect will be approximately 2.88 per cent.

#### **Costs and effects on key ratios**

Warrants transferred to participants under the incentive programme will be accounted for in accordance with IFRS 2 and will be recorded as a personnel expense in the income statement during the years 2023–2026.

Assuming an Original Price of SEK 1,389 (corresponding to the closing price of the company's share on Nasdaq Stockholm on 17 May 2023), a subscription price of SEK 1,805.7, maximum participation and 50% of the total number of warrants being free warrants, the costs of the incentive programme, including social security costs of approximately EUR 6.1 million, are estimated to be up to approximately EUR 26.3 million. These costs are based on the preliminary market value of the warrants as of 17 May 2023. The preliminary market value of the warrants at the time of the establishment of the incentive programme forms a better basis for the estimation of the future costs than an estimated future market value of the company's shares at an estimated exercise date for the warrants.

The costs will be allocated over the years 2023–2026. These costs can be compared to the company's total personnel expenses, including social security expenses, of approximately EUR 289.6 million in 2022.

If the incentive programme had been established in 2022, subject to the assumptions set out above, the impact on the earnings per share would have been approximately EUR -0.1.

The incentive programme is estimated to entail only limited costs for the company. No measures to secure the incentive programme have been or are planned to be taken.

#### **Preparation of the proposal**

The proposed incentive programme has been prepared by the board of directors and the remuneration committee and has been addressed at board meetings in Q1 and Q2 2023.

#### **Issue of warrants 2023/2026**

The board of directors proposes that the general meeting resolves on an issue of warrants 2023/2026 on the following terms and conditions, in order to implement the incentive program set out above.

#### **Number of warrants to be issued**

The company shall issue a maximum of 2,500,000 warrants 2023/2026.

#### *Subscription right and price*

The warrants shall be issued, free of charge, to the company itself or a wholly owned subsidiary with deviation of the shareholders' pre-emption rights.

#### *Subscription period*

The warrants shall be subscribed for on a separate subscription list not later than on 31 July 2023.

#### *Reason for deviation from the shareholders' pre-emption rights*

The reason for the deviation from the shareholders' pre-emption rights is to create, by way of an incentive programme, conditions for retaining and recruiting competent personnel to the group, increase the motivation amongst the participants, increase their loyalty to the company and align their interests with that of the company's shareholders as well as promote a personal shareholding and thereby promote shareholder value and the company's long-term value creation capability.

#### *Additional information*

The new shares shall carry rights to dividends for the first time on the record date for dividends that occurs after subscription has been effected.

The complete terms and conditions of the warrants will be made available on the company's website ([www.evolution.com](http://www.evolution.com)) not later than three weeks prior to the general meeting. As set forth in the terms and conditions of the warrants, the subscription price and the number of shares that each warrant entitles to subscription of may be re-calculated in certain cases (including for the alternative exercise model described above).

The company's share capital may, upon exercise of all 2,500,000 warrants 2023/2026, increase by approximately EUR 7,514 (subject to any re-calculations in accordance with the complete terms and conditions of the warrants). If the subscription price exceeds the quota value of the shares, the excess amount shall be allotted to the non-restricted statutory reserve (Sw. *den fria överkursfonden*).

#### *Authorisation*

The board of directors shall be authorised to extend the subscription period and to make such minor adjustments in the resolution that may be required in connection with the registration of the warrants with the Swedish Companies Registration Office (Sw. *Bolagsverket*), and the board of directors shall have the right to undertake minor adjustments to the incentive program due to applicable rules, laws, regulations or market practice.



***Approval of transfer of warrants to participants in the incentive programme***

The board of directors proposes that the general meeting resolves to approve that the company transfers not more than 2,500,000 warrants 2023/2026 to the CEO of the company, members of the senior management, senior key personnel and other key personnel within the group on the terms and conditions set out in this proposal. The participants shall also be entitled to, following approval from the company, acquire warrants through a company which is wholly-owned by such participant. In such event, what is said in relation to participants shall also apply in respect of such wholly-owned companies.

***Majority requirements***

A resolution in accordance with this item 7 is valid only where it is supported by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the general meeting.

**NUMBER OF SHARES AND VOTES**

As of the date of this notice, the total number of shares in the company is 215,604,777, corresponding to a total number of votes of 215,604,777. The company holds 1,905,865 treasury shares as of the date of this notice.

**SHAREHOLDERS' RIGHTS TO REQUEST INFORMATION**

The board of directors and the CEO shall, if requested by a shareholder and the board of directors believes that it can be done without significant harm to the company, provide information in respect of any circumstances which may affect the assessment of a matter on the agenda. The obligation to provide information shall also apply to the company's relationship with another group company, the consolidated accounts and such circumstances regarding subsidiaries that are referred to in the preceding sentence.

**DOCUMENTS**

The complete proposals and other documents that must be made available prior to the general meeting pursuant to the Swedish Companies Act and the Swedish Corporate Governance Code will be made available at the company and on the company's website ([www.evolution.com](http://www.evolution.com)), not later than three weeks prior to the general meeting. The documents will also be sent to the shareholders who request it and state their postal address. Such a request may be sent to Evolution AB (publ), "Extraordinary General Meeting", c/o Computershare AB, Box 5267, SE-102 46 Stockholm, Sweden or by e-mail to [ir@evolution.com](mailto:ir@evolution.com).

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Stockholm in May 2023

**Evolution AB (publ)**

*The board of directors*