

# Notice of extraordinary general meeting of Seamless Distribution Systems AB

The shareholders of Seamless Distribution Systems AB, organization number 556979-4562 ("Company" or "SDS"), are hereby invited to the Extraordinary General Meeting Monday 27 November, 2017 at 11.00 a.m. at the Company's headquarters, Vasagatan 7, Stockholm, Sweden.

## Right to participate and registration

Shareholders who wish to attend the Extraordinary General Meeting must

- i. be recorded in the Euroclear Sweden AB share register Tuesday, November 21, 2017,
- ii. and notify their attendance at the meeting to the Company no later than Tuesday, November 21, 2017. Registration can be made in writing to Seamless Distribution AB, PO Box 353, 101 27 Stockholm, or by e-mail: [sds.info@seamless.se](mailto:sds.info@seamless.se). At the time of notification name, personal or organization number, address, telephone number and shareholding, as well as, where applicable, information about deputies, agents and assistants should be given. The application should, as appropriate, be accompanied by full authorization documents such as registration certificate and proxy for deputy and representative.

## Nominee-registered shares

Shareholders who have nominee registered their shares with a bank or other nominee must, to be entitled to participate in the General Meeting and exercise their voting rights temporarily register their shares in their own name with Euroclear Sweden AB. Such registration must be completed no later than Tuesday, 21 November 2017, which means that shareholders in good time before this date must notify their nominee.

## Proxies, etc.

Shareholders represented by representatives shall issue a written and dated power of attorney to the representative or, in the event that the right to represent the shareholder's shares is divided into different persons, the representatives with the number of shares and representative respectively have the right to represent. The authorization is valid no more than one year from the date of issue, or during the longer term of validity specified in the authorization, but not more than five years from the date of issue. If the power of attorney is issued by a legal person, a certified copy of the registration certificate or equivalent of the legal entity issuing the authorization to issue the authorization shall be enclosed. Original power of attorney and any registration certificate should be in advance of the meeting mailed to the company at the above address. Form for power of attorney is available at the Company website, <https://sds.seamless.se/>, and will also be sent to shareholders who so request and state their address.

## Number of shares and votes

The company is at the day of this notice 6,913,565 shares, whereby each share has one vote. The company does not hold any own shares per the day for this notice.

## Proposed agenda

1. Opening of the meeting and election of the chairperson.
2. Establishment and approval of voting rights.
3. Approval of the agenda.

4. Election of a person to attest to the accuracy of the minutes.
5. Examination of whether the meeting has been properly convened.
6. The Board's proposal for a decision on incentive program 2017 and issue of warrants.
7. Closing of the Meeting.

### **Proposition for decision**

#### **Opening of the meeting and the selection of the chairperson (item 1)**

The Board of Directors proposes that Gunnar Jardelöv is elected chairperson of the Extraordinary General Meeting.

#### **The Board's proposal regarding incentive program 2017 and issuance of warrants (item 6)**

The Board proposes that the Meeting resolves on the implementation of a long-term incentive program for employees of and consultants to SDS Group ( "LTIP 2017") and the issuance of warrants, in accordance with paragraphs 6 (a) - 6 (f) below. The decisions under paragraphs 6 (a) - 6 (f) below are proposed to be contingent and each decision is proposed to be adopted in a context. LTIP 2017 is proposed to comprise a maximum of 5 employees within and consultants to SDS Group.

#### **Proposal for a decision on the adoption of LTIP 2017 (paragraph 6 (a))**

##### ***Background and purpose***

The Board believes that it is in the company's and shareholders' interest that senior executives in the SDS Group be involved in the Company's development by offering warrants in an incentive program. The purpose of the proposal is to create conditions for retaining and recruiting competent personnel to the SDS Group, as well as increasing the motivation of senior executives by acquiring and promoting a positive value development of the Company's share during the period covered by LTIP 2017.

In view of the terms, size of the grant and other circumstances, the Board assesses that LTIP 2017, as follows, is reasonable and beneficial to the Company and its shareholders.

##### ***Allotment, transfer and general terms of the warrants***

A total of no more than 350,000 warrants are proposed to be issued in LTIP 2017, which includes senior executives (employees as well as consultants) as follows. The Company's Board members shall not be covered by LTIP 2017. The warrants will be issued in five series with one-fifth of the total number of warrants in each series. The right to subscribe for all warrants shall apply to the Company's wholly owned subsidiary Goldcup 15500 AB (under name change to SDS Fortuna AB), which in turn will transfer the warrants to senior executives in the SDS Group. The warrants shall be issued free of charge to Goldcup 15500 AB (under name change to SDS Fortuna AB).

The transfer of warrants to the participants shall be at a price corresponding to the market value of the option right (i.e. the option premium) calculated according to the so-called Monte Carlo method. The estimate of the options is performed by an independent appraiser. Transfers of warrants to LTIP 2017 participants may take place in accordance with the following breakdown.

Category	Total maximum number of warrants (of which one-fifth in each series)	Number of people in the category
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CEO and other senior executives	350,000 (no single participant may receive more than 175,000)	five persons
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In total, not more than 350,000 warrants shall be awarded under the LTIP 2017.

#### Exercise price

All five warrant series entitles the holder to acquire one new share at an exercise price equivalent to 120% of the higher of i) the volume-weighted average price for its shares on NASDAQ First North during the period 10 trading days starting from November 27, 2017; and ii) 30 SEK.

(i) and ii), as applicable, being the "**Comparison price**").

The so calculated exercise price shall be rounded to the nearest ten öre SEK, with five öre rounded upwards.

#### Exercise periods

Subscription of shares according to all five series of warrants can take place i) during the period of two (2) trade days from the date of subscription options registered by the Swedish Companies Registration Office ("**Period 1**"); and ii) during the period from February 1, 2021 to February 1, 2023 ("**Period 2**").

The purpose of the split over two periods is to enable registration with the Swedish Companies Registration Office of warrants with the following "performance criteria" in the terms and conditions. During Period 1, when the warrants will still be held by the subsidiary Goldcup 15500 AB (under name change to SDS Fortuna AB), the performance parameters are not applicable, while the subscription during the Period 2 only can take place provided that the relevant performance criteria are met.

The subscription price and the number of shares that each warrants entitle to subscription shall be recalculated in the event of split, aggregation, issues, etc. in accordance with the usual recalculation conditions. In accordance with customary terms, the warrants may be exercised earlier in the event of for example, compulsory redemption of shares, liquidation or merger whereby SDS will be transferred into another company.

#### Performance criteria

The five warrants series have the following performance criteria, which must be met in order for each corresponding warrant to be exercised for subscription during Period 2:

- Series 1: Subscription of shares may only take place if the volume weighted average price of the Company's shares on Nasdaq First North during a period of at least thirty (30) consecutive trading days during the incentive program period has exceeded the comparison price by 25%.
- Series 2: Subscription of shares may only take place if the volume weighted average price of the Company's shares on Nasdaq First North during a period of at least thirty (30) consecutive trading days during the incentive program period has exceeded the comparison price by 45%.
- Series 3: Subscription of shares may only take place if the volume weighted average price of the Company's shares on Nasdaq First North during a period of at least thirty (30) consecutive trading days during the incentive program period has exceeded the comparison price by 70%.
- Series 4: Subscription of shares may only take place if the volume weighted average price of the Company's shares on Nasdaq First North during a period of at least thirty (30) consecutive trading days during the incentive program period has exceeded the comparison price by 90%.
- Series 5: Subscription of shares may only take place if the volume weighted average price of the

Company's shares on Nasdaq First North during a period of at least thirty (30) consecutive trading days during the incentive program period has exceeded the comparison price by 110%.

It is the responsibility of SDS to notify the holder when the respective performance criteria are met. Except for the above performance criteria, all subscription warrants have identical terms.

**Other conditions**

Entitlement to possess and utilize the warrants requires that the holder is employed within or consultant (as appropriate) to SDS Group until the exercise of the options can be done. In connection with the transfer of the warrants to the participants, Goldcup 15500 AB (under name change to SDS Fortuna AB) reserve the right to repurchase the warrants if the participant's employment or assignment in SDS Group is terminated or if the participant, in turn, wants to transfer its warrants. However, repurchase rights only apply to warrants that yet cannot be exercised for subscription.

***Dilution effects and costs etc.***

The Board's proposal to issue warrants entails a maximum total dilution of approximately 4.8 percent of the share capital and votes in the Company, calculated after full exercise of the subscription options.

The option premium on the transfer of the warrants will correspond to the market value, with no employee costs or social security charges incurred by the Company in connection with such transfer of warrants. All costs for LTIP 2017 is not expected to exceed one million SEK under LTIP 2017's maturity (not taking into account any cash benefits payable under the below described synthetic warrants which may result in a cost to the Company of a maximum of 2.5 million SEK).

The market value for the options, according to a preliminary valuation based on a market value of the underlying stock corresponding stock price its stock October 17, 2017 and assuming an exercise price of 36 SEK per share, is reported below. The Monte Carlo method has been used for option valuation, assuming a risk free interest rate -0.07% and a volatility of 35.0%.

<b>Series</b>	<b>Preliminary option price (SEK)</b>
Series 1	0.856
Series 2	0.655
Series 3	0.444
Series 4	0.341
Series 5	0.251

***Synthetic options***

To encourage participation in LTIP 2017, the Board also intends to decide on the issue of no more than 350,000 synthetic options. The purpose of the synthetic options is to compensate participants in LTIP 2017 if the warrants' exercise price calculated based on 120% of 30 SEK instead of 120% of the volume weighted average price of the Company's shares on Nasdaq First North during the period 10 days from November 27, 2017. The synthetic options may incur a maximum of 2.5 million SEK (including personnel and social security costs) for the Company, corresponding to a maximum of SEK 7.14 per synthetic option. The synthetic options will be granted only if the volume weighted average price of the Company's shares on Nasdaq First North during the period of 10 trading days calculated from November 27, 2017 is less than 30 SEK. The synthetic options entitle to payment in proportion to the extent, and from same day, as the participant utilizes the warrants for subscription of shares in SDS. Thus, if the warrants are not exercised for subscription, then the synthetic options also are void.

Example: Assume that SDS volume weighted average price for the period 10 trading days from November 27, 2017 is 24 SEK, which represents an exercise price of 28.80 SEK. However, under the terms of the warrants, the exercise price may never fall below 36 SEK. The aim is for the synthetic options to compensate participants for the difference of 7.20 SEK, although at the most up to 7.14 SEK per option.

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

The proposal has been prepared and unanimously approved by the Board and the Board shall implement the issue resolution.

#### ***Majority requirements***

Decisions on the adoption of LTIP 2017 require that the proposal be assisted by shareholders representing at least nine tenths of both the votes cast and the shares represented at the EGM.

#### ***Proposal for a decision to issue warrants in series 1 (item 6 (b))***

The Board proposes that the Company shall issue a maximum of 70,000 warrants for new shares, whereby the company's share capital can increase with no more than 7,000 SEK corresponding to about one percent of the total capital and total number of votes in SDS at full subscription.

The right to subscribe for warrants to subscribe for new shares applies only to the subsidiary Goldcup 15500 AB (under name change to SDS Fortuna AB), with the right and obligation to dispose of the warrants as above. Each warrants entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Goldcup 15500 AB (under name change to SDS Fortuna AB). Oversubscription cannot be done.

#### ***Proposal for a decision to issue warrants in series 2 (item 6 (c))***

The Board proposes that the Company shall issue a maximum of 70,000 warrants for new shares, whereby the company's share capital can increase with no more than 7,000 SEK corresponding to about one percent of the total capital and total number of votes in SDS at full subscription.

The right to subscribe for warrants to subscribe for new shares applies only to the subsidiary Goldcup 15500 AB (under name change to SDS Fortuna AB), with the right and obligation to dispose of the warrants as above. Each warrants entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Goldcup 15500 AB (under name change to SDS Fortuna AB). Oversubscription cannot be done.

#### ***Proposal for a decision to issue warrants in series 3 (item 6 (d))***

The Board proposes that the Company shall issue a maximum of 70,000 warrants for new shares, whereby the company's share capital can increase with no more than 7,000 SEK corresponding to about one percent of the total capital and total number of votes in SDS at full subscription.

The right to subscribe for warrants to subscribe for new shares applies only to the subsidiary Goldcup 15500 AB (under name change to SDS Fortuna AB), with the right and obligation to dispose of the warrants as above. Each warrants entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Goldcup 15500 AB (under name change to SDS Fortuna AB). Oversubscription cannot be done.

**Proposal for a decision to issue warrants in series 4 (item 6 (e))**

The Board proposes that the Company shall issue a maximum of 70,000 warrants for new shares, whereby the company's share capital can increase with no more than 7,000 SEK corresponding to about one percent of the total capital and total number of votes in SDS at full subscription.

The right to subscribe for warrants to subscribe for new shares applies only to the subsidiary Goldcup 15500 AB (under name change to SDS Fortuna AB), with the right and obligation to dispose of the warrants as above. Each warrants entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Goldcup 15500 AB (under name change to SDS Fortuna AB). Oversubscription cannot be done.

**Proposal for a decision to issue warrants in series 5 (item 6 (f))**

The Board proposes that the Company shall issue a maximum of 70,000 warrants for new shares, whereby the company's share capital can increase with no more than 7,000 SEK corresponding to about one percent of the total capital and total number of votes in SDS at full subscription.

The right to subscribe for warrants to subscribe for new shares applies only to the subsidiary Goldcup 15500 AB (under name change to SDS Fortuna AB), with the right and obligation to dispose of the warrants as above. Each warrants entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Goldcup 15500 AB (under name change to SDS Fortuna AB). Oversubscription cannot be done.

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Full proposals for decision and proxy forms and other documents under the Companies Act will be available at the Company at the address above and on the Company's website, [sds.seamless.se](http://sds.seamless.se), no later than two weeks prior to the EGM. Copies of documents will be sent free of charge to the shareholders who request it and provide their postal address.

Shareholders are reminded of the right to request information from the Board and the CEO at the Extraordinary General Meeting in accordance with Chapter 7, Section 32 of the Companies Act.

Stockholm in October 2017

**Seamless Distribution Systems AB**

Board of Directors

The company's Certified Adviser is Mangold Fondkommission AB, telephone number +46 (0)8-5030 1550.