

**Nota bene:** *The English text is an uncertified translation of the Swedish original and in the event of any inconsistency between the English version and the Swedish version, the Swedish version shall prevail.*

**Item 18 - Amendments of the terms and conditions for the Employee Stock Option Programs and thereto related warrants adopted on the extraordinary general meeting on November 17th, 2015 and on the Annual General Meeting on May 31st, 2017.**

The Board proposes that the Annual General Meeting decides to amend the terms and conditions in the Employee Option Programs adopted on the extraordinary general meeting on November 17th, 2015 and thereto related warrants (hereafter “**ESOP 2015**”) and on the Annual General Meeting on May 31st, 2017 (hereafter “**ESOP 2017**”).

Background and purpose

The Company has two ongoing employee option programs, ESOP 2015 and ESOP 2017. The purpose of the programs is to provide the Company key personnel incentives and to create a personal long-term ownership commitment of employees that can be expected to stimulate an increased interest in the Company’s operations and earnings development, raising motivation and the feeling of togetherness with the Axactor Group and its shareholders.

In order to give the employee stock option holders further incentives to stay within the Company and develop the Company’s business as well as to increase the flexibility of the employee option programs, the Board suggests extension of the duration of each program with one (1) additional year and greater flexibility for the employee stock option holders to utilize the stock options. The amendments imply that the employee stock option holders are given the right, but not an obligation, to subscribe for shares in the Company at a later stage than the present employee stock option programs allows and also that the employee stock option holders may decline to exercise employee stock options attributable to a certain tranche/subscription period without the expiration of such stock options. The latter amendment thus implies that unutilized employee stock options attributable to a certain tranche/subscription period may be exercised during a subsequent tranche/subscription period.

Costs

The estimated costs for the Company in relation to the Employee Stock Option Programs will, due to the proposed amended terms, be increased with maximum approximately SEK 1,100,000 in total.

**On this background the Board of Directors proposes the following adjustments and amendments for ESOP 2015:**

**Under the heading “Terms for Employee Stock Options”**

Former wording:

27 % of the stock options can be exercised to acquire shares in the Company as from February 16, 2018 up to and including April 1, 2018 for a price of 1,00 NOK/share.

27 % of the stock options can be exercised to acquire shares in the Company as from February 16, 2018 up to and including April 1, 2018 for a price of 1,15 NOK/share.

27 % of the stock options can be exercised to acquire shares in the Company as from February 16, 2019 up to and including April 1, 2019 for a price of 1,25 NOK/share.

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19 % of the stock options can be exercised to acquire shares in the Company as from February 16, 2020 up to and including April 1, 2020 for a price of 1,30 NOK/share.

All employee stock options, which are not due, may be exercised by the employee stock option holders if (i) a shareholder alone, or (ii) a shareholder who through an agreement with one or several other shareholder(s), is entitled to exercise more than 50 percent of all outstanding shares. The time period to exercise outstanding employee stock options is 45 days starting from the day the Company has announced the change of ownership.

The price as well as the number of shares that each employee stock option give the holder the right to acquire, can be subject to re-calculation pursuant to the terms and conditions for the warrants linked to this employee stock option program following from fund issue, split, pre-emption right issue and similar measures.

Additional terms and conditions for the employee stock option holders' right to acquire shares pursuant to the above (payment terms etc.) are set out in the employee stock option agreement.

New wording:

27 % of the stock options can be exercised to acquire shares in the Company as from February 16, 2018 up to and including April 1, 2018 ("**Tranche 1**"), under Tranche 2, 3, or 4 (as set out below) or during the period as from February 16, 2021 up to and including April 1, 2021 (the "**Collecting Tranche**") for a price of 1.00 NOK/share.

27 % of the stock options can be exercised to acquire shares in the Company as from February 16, 2018 up to and including April 1, 2018 ("**Tranche 2**"), under Tranche 3, or 4 (as set out below) or during the Collecting Tranche for a price of 1.15 NOK/share.

27 % of the stock options can be exercised to acquire shares in the Company as from February 16, 2019 up to and including April 1, 2019 ("**Tranche 3**"), under Tranche 4 (as set out below) or during the Collecting Tranche for a price of 1.25 NOK/share.

19 % of the stock options can be exercised to acquire shares in the Company as from February 16, 2020 up to and including April 1, 2020 ("**Tranche 4**") or during the Collecting Tranche for a price of 1.30 NOK/share.

All employee stock options, which are not due, may be exercised by the employee stock option holders if (i) a shareholder alone, or (ii) a shareholder who through an agreement with one or several other shareholder(s), is entitled to exercise more than 50 percent of all outstanding shares. The time period to exercise outstanding employee stock options is 45 days starting from the day the Company has announced the change of ownership.

The price as well as the number of shares that each employee stock option give the holder the right to acquire, can be subject to re-calculation pursuant to the terms and conditions for the warrants linked to this employee stock option program following from fund issue, split, pre-emption right issue and similar measures.

Additional terms and conditions for the employee stock option holders' right to acquire shares pursuant to the above (payment terms etc.) are set out in the employee stock option agreement.

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#### **Under the heading “Term and expiration date”**

##### Former wording:

The employee stock options pursuant to above are valid from the issuing up to and including December 31, 2020 with the right for the Employee Stock Option Holders' to call for the stock options pursuant to the above.

The employee stock options are non-transferable. The right to delivery of shares after the call, presupposes that the current Employee Stock Option Holder's employment within the Company at the time for the relevant delivery of shares have persisted from the day of allocation of the Employee Stock Options.

##### New wording:

The employee stock options pursuant to above are valid from the issuing up to and including April 1, 2021 with the right for the Employee Stock Option Holders' to call for the stock options pursuant to the above.

The employee stock options are non-transferable. The right to delivery of shares after the call, presupposes that the current Employee Stock Option Holder's employment within the Company at the time for the relevant delivery of shares have persisted from the day of allocation of the Employee Stock Options.

#### **In addition, the Board of Directors proposes the following adjustments and amendments for ESOP 2017 (A:2017):**

#### **Under the heading “Terms for Employee Stock Options for the Employee Stock Options”**

##### Former wording:

The employee stock options will be issued in the following tranches:

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2018 up to and including July 15, 2018 (“**Tranch 1**”) for a price of 3,00 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2019 up to and including July 15, 2019 (“**Tranch 2**”) for a price of 3,20 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2020 up to and including July 15, 2020 (“**Tranch 3**”) for a price of 3,50 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2021 up to and including July 15, 2021 (“**Tranch 4**”) for a price of 3,75 NOK/share.

All employee stock options, which are not due, may be exercised by the employee stock option holders if (i) a shareholder alone, or (ii) a shareholder who through an agreement with one or several other shareholder(s), controls more than 50 percent of all outstanding shares. The time period for exercising any outstanding employee stock options shall be 45 days as of the day when the Company make notice of such change of control.

The price as well as the number of shares that each employee stock option give the holder the right to acquire, can be subject to re-calculation pursuant to the terms and conditions for the warrants linked to this Employee Stock Option Program (according to the proposal in item 17a) following from fund issue, split, pre-emption right issue and similar measures.

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Additional terms and conditions for the Employee Stock Option Holders' right to acquire shares pursuant to the above are set out in the Employee Stock Option Agreement.

New wording:

The employee stock options will be issued in the following tranches:

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2018 up to and including July 15, 2018 ("**Tranche 1**"), under Tranche 2, 3, or 4 (as set out below) or during the period as from June 1, 2022 up to and including July 15, 2022 (the "**Collecting Tranche**") for a price of 3.00 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2019 up to and including July 15, 2019 ("**Tranche 2**"), under Tranche 3 or 4 (as set out below) or during the Collecting Tranche for a price of 3.20 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2020 up to and including July 15, 2020 ("**Tranche 3**"), under Tranche 4 (as set out below) or during the Collecting Tranche for a price of 3.50 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2021 up to and including July 15, 2021 ("**Tranche 4**") or under the Collecting Tranche for a price of 3.75 NOK/share.

All employee stock options, which are not due, may be exercised by the employee stock option holders if (i) a shareholder alone, or (ii) a shareholder who through an agreement with one or several other shareholder(s), controls more than 50 percent of all outstanding shares. The time period for exercising any outstanding employee stock options shall be 45 days as of the day when the Company make notice of such change of control.

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Additional terms and conditions for the Employee Stock Option Holders' right to acquire shares pursuant to the above are set out in the Employee Stock Option Agreement.

**Under the heading "Terms and expiration date"**

Former wording:

The employee stock options pursuant to above are valid from the issuing up to and including July 15, 2021 with the right for the Employee Stock Option Holders' to call for the stock options pursuant to the above.

The employee stock options are non-transferable. The right of delivery of shares after the call, presupposes that the current Employee Stock Option Holder's employment in companies within the Axactor group persists on the day of allocation of the employee stock options.

New wording:

The employee stock options pursuant to above are valid from the issuing up to and including July 15, 2022 with the right for the Employee Stock Option Holders' to call for the stock options pursuant to the above.

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**In addition, the Board of Directors proposes the following adjustments and amendments for ESOP 2017 (B:2017):**

**Under the heading "Terms for Employee Stock Options for the Employee Stock Options"**

Former wording:

The employee stock options will be issued in the following tranches:

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2018 up to and including July 15, 2018 ("**Tranch 1**") for a price of 3,00 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2019 up to and including July 15, 2019 ("**Tranch 2**") for a price of 3,20 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2020 up to and including July 15, 2020 ("**Tranch 3**") for a price of 3,50 NOK/share.

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All employee stock options, which are not due, may be exercised by the employee stock option holders if (i) a shareholder alone, or (ii) a shareholder who through an agreement with one or several other shareholder(s), controls more than 50 percent of all outstanding shares. The time period for exercising any outstanding employee stock options shall be 45 days as of the day when the Company make notice of such change of control.

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25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2018 up to and including July 15, 2018 ("**Tranche 1**"), under Tranche 2, 3, or 4 (as set out below) or during the period as from June 1, 2022 up to and including July 15, 2022 (the "**Collecting Tranche**") for a price of 3.00 NOK/share.

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**Based on the above proposal for adjustments and amendments to ESOP 2015 and ESOP 2017 respectively the Board of Directors proposes the following adjustments for the connected warrants.**

#### **ESOP 2015**

The period for subscription of shares with support of the warrants connected to the ESOP 2015 program shall be adjusted from the period from January 1, 2016 until December 31, 2020 to the period from January 1, 2016 until December 31, 2021.

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As a result hereof the definition of "Subscription Period" in the Terms for warrants regarding subscription of new shares in Axactor AB (publ), Reg. no 556227-8043, series 2015:1-4 shall be stated as follows:

"The time from January 1, 2016 until December 31, 2021".

#### **ESOP 2017**

The period for subscription of shares with support of the warrants connected to the ESOP 2017 program shall be adjusted from the period from June 1, 2018 until December 31, 2021 to the period from June 1, 2018 until December 31, 2022.

As a result hereof the definition of "Subscription Period" in the Terms for warrants regarding subscription of new shares in Axactor AB (publ), Reg. no 556227-8043, series 1A:2017-4A:2017 and 1B:2017-4B:2017 shall be stated as follows:

"The time from June 1, 2018 until December 31, 2022".

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*For a resolution, pursuant to this item, to be valid, the proposal shall be supported by shareholders represented by minimum nine tenths (9/10) of the votes as well as the shares represented at the Annual General Meeting.*