

## **NOTIFICATION OF THE ANNUAL GENERAL MEETING OF BYGGMAX GROUP AB (PUBL)**

The shareholders of Byggmax Group AB (publ), Corporate Registration Number 556656-3531, (the “**Company**”) are hereby notified of the Annual General Meeting (AGM) to be held on Tuesday, May 5, 2015, at 10:00 a.m. at Primus Konferens, Primusgatan 18 in Stockholm.

### **Notification, etc.**

Shareholders who wish to participate at the AGM must:

- both be listed in the register of shareholders maintained by Euroclear Sweden AB on Tuesday, April 28, 2015, and
- notify the Company of their intention to attend the AGM, no later than at 4:00 p.m. on Tuesday, April 28, 2015, to the address Byggmax Group AB (publ), Box 6063, SE-171 06 Solna, Sweden (Labeled “Annual General Meeting”), by telephone +46 (0) 8 514 930 60 or by e-mail to [info@byggmax.se](mailto:info@byggmax.se).

When giving notice of participation, shareholders must state: their name, personal ID/corporate registration number (or equivalent), address, daytime telephone number, shareholding in Byggmax, the names of any advisers (maximum two) and, when applicable, the name of a proxy or legal representative.

### **Trustee registered shares**

In order to participate at the AGM, shareholders who have registered their shares in the name of a trustee must temporarily re-register the shares in their own names in the register of shareholders maintained by Euroclear Sweden AB. Such temporary re-registration must be executed no later than Tuesday, April 28, 2015, which means that shareholders are advised to notify their trustee well in advance of this date.

### **Proxies**

Shareholders who intend to be represented by proxy must issue a dated power of attorney for the proxy. If the power of attorney is issued by a legal entity, an attested copy of the certificate of registration or its equivalent for the legal entity must be enclosed with the notice of participation. The period of validity of the power of attorney is permitted to extend to five years from the date of issue. An original of the power of attorney and, when applicable, the certificate of registration should be submitted to the Company at the above address, in good time, prior to the AGM. The Company provides proxy forms on request and these are also available from the Company’s website, [www.byggmax.com](http://www.byggmax.com).

### **Number of shares and votes**

The Company had a total of 60,737,045 shares at the date of issue of the notification. The total number of votes in the Company is 60,737,045. The Company does not own any treasury shares.

### **Proposed agenda**

1. Opening of the Meeting and election of the Chairman for the Meeting
2. Preparation and approval of the voting list
3. Approval of the agenda

4. Election of one (1) or two (2) persons to verify the minutes
5. Determination of whether the Meeting has been duly convened
6. Presentation of the Annual Report and the Auditors' Report, as well as the Consolidated Financial Statements and the Consolidated Auditor's Report
7. Address by the President
8. Resolution regarding the adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet
9. Resolution regarding the appropriation of the Company's profit in accordance with the adopted Balance Sheet, and the record date for the dividend
10. Resolution regarding discharge from liability of the Board of Directors and the President
11. Determination of the number of Board members, deputy Board members and auditors
12. Determination of fees for members of the Board of Directors and auditors
13. Election of Board members, Chairman of the Board and auditors
14. Resolution on policies regulating the appointment of the Nomination Committee and its work
15. Resolution on the guidelines for the remuneration of senior executives
16. Resolution regarding the incentive program, comprising a private placement and assignment of warrants
17. Close of the Meeting

### **Proposals for resolution**

#### *Item 1 – Election of Chairman for the Meeting*

The Nomination Committee proposes the election of Fredrik Cappelen as Chairman of the Annual General Meeting.

#### *Item 9 – Resolution regarding the appropriation of the Company's profit in accordance with the adopted balance sheet, and the record date for the dividend.*

The Board of Directors proposes a dividend of SEK 2.60 per share. The proposed record date for payment of the dividend is Thursday, May 7, 2015. If the AGM resolves in accordance with the motion, the dividend is scheduled to be distributed by Euroclear Sweden AB on Tuesday, May 12, 2015.

#### *Items 11 – 14*

The Nomination Committee, comprising Cecilia Marlow Chairman of the Nomination Committee, representing Nordea investment Funds, Frank Larsson, representing Handelsbanken Fonder, and Per Trygg, representing SEB Investment Management, who together represent a combined total of approximately 21 percent of the total number of votes in the Company, made the following proposals regarding items 11 – 14:

#### *Item 11 – Determination of the number of Board members, deputy Board members and auditors*

The Nomination Committee proposes that the number of Board members elected by the AGM is six (6) with no deputies. Furthermore, the Committee proposes one (1) auditor with no deputy.

*Item 12 – Determination of remuneration to the Board of Directors and auditor*

The Nomination Committee proposes the payment of Directors' fees totaling SEK 1,850,000, of which SEK 550,000 to the Chairman and SEK 260,000 each to the other Board members. The fees include remuneration for committee work.

The proposal means an increase in the fee to the Chairman of SEK 50,000 and an increase in fees to the other Board members of SEK 10,000 each compared with the year earlier. Accordingly, total directors' fees will increase by SEK 350,000 compared with the preceding year since it is proposed that all Board members receive directors' fees.

The Nomination Committee also proposes that fees to auditors are paid against approved invoices.

*Item 13 – Election of Board members, Chairman of the Board and auditors*

The Nomination Committee proposes the re-election until the end of the next AGM of the following Board members: Anders Moberg, Stig Notlöv, Lottie Svedenstedt and Karin Hygrell-Jonsson and the election of Hannele Kemppainen and Daniel Mühlbach as new Board members. Fredrik Cappelen and Stefan Linder have declined re-election.

In addition, election is proposed of Anders Moberg as Chairman of the Board.

Hannele Kemppainen was born in 1970, is a citizen of Finland and has extensive experience of consumer products and consumer marketing in Finland. Ms. Kemppainen is currently General Manager at Colgate Palmolive Finland and, previously, was Country Manager at Colgate Palmolive Finland. Ms. Kemppainen was at Proctor & Gamble from 1991 through 2005 and Country Manager and Head of Trade Marketing at Reckitt Benckiser from 2005 to 2010. Ms. Kemppainen holds a B.Sc. in International Business and Marketing from the American College of Switzerland and is a Board member and Chairman of the Finnish Cosmetics and Toiletries Association. Ms. Kemppainen is deemed independent in relation to the Company and its management and independent in relation to the Company's major shareholders.

Daniel Mühlbach was born in 1974 and has extensive experience of e-commerce and has started and operated highly profitable e-commerce companies. Mr. Mühlbach is currently President and part-owner of FootWay Group AB, previously, he was President of the Lensway Group from 1999 to 2010. Mr. Mühlbach has a M.Sc. in engineering from Luleå University of Technology and is a Board member of, among others, FootWay Group AB and Solidar Pension AB and previously on the Board of Coastal Contacts Inc. among others. Mr. Mühlbach is deemed independent in relation to the Company and its management and independent in relation to the Company's major shareholders.

A more detailed presentation of the proposed Board members is available on the Company's website, [www.byggmax.se](http://www.byggmax.se).

The Nomination Committee proposes the re-election of the Company's current auditor, the registered accounting firm Öhrlings PricewaterhouseCoopers AB until the end of the 2016 AGM. Öhrlings PricewaterhouseCoopers AB have notified that Authorized Public Accountant Ann-Christin Hägglund will be the Auditor in Charge.

*Item 14 – Resolution on policies regulating the appointment of the Nomination Committee and its work*

The Nomination Committee proposes that the AGM adopt the following policies regulating the appointment of the Nomination Committee and its work ahead of the 2016 AGM:

1. Annually and not later than the end of the third quarter every year, the Chairman of the Board of Directors convenes the three (3) largest shareholders or shareholder groups (this includes directly registered and trustee-registered shareholders) in the Company, as registered at August 31 according to Euroclear Sweden AB, which are then each entitled to appoint one member of the Nomination Committee. The appointee in question should not be a Board member. If any of the three (3) largest shareholders wishes to refrain from appointing a member of the Committee, the opportunity to appoint a member of the Committee is offered in turn to the next-largest shareholder. In addition to the above, the Chairman of the Board can be appointed to the Nomination Committee. If any shareholder should waive their right to appoint a member of the Nomination Committee, only the five (5) largest shareholders need to be asked unless this would result in the Nomination Committee consisting of less than its minimum of three (3) members (including, where applicable, the Chairman of the Board of Directors). The President and senior executives of the Company are not permitted to be members of the Nomination Committee.
2. The Chairman of the Board is the convener of the first meeting of the Nomination Committee and one (1) owner representative should be appointed as Chairman of the Nomination Committee. The Nomination Committee prepares written rules of procedure to govern its work. The mandate period of the Nomination Committee extends until such time as a new Nomination Committee has been appointed.
3. The composition of the Nomination Committee must be announced a minimum of six (6) months prior to the Annual General Meeting (AGM), thereby providing all shareholders with information about which individuals to contact regarding nomination issues.
4. If shareholders have been added among the three (3) largest shareholders after the Nomination Committee has held its statutory meeting, said shareholders may contact the Chairman of the Nomination Committee to make a request to appoint a member of the Committee. The Chairman of the Nomination Committee then informs the other members of this wish. If the ownership change is not insignificant, the member appointed by the shareholder that is no longer among the three (3) largest shareholders should vacate his position and the new shareholder can then be permitted to appoint one (1) member. However, the structure of the Nomination Committee should not be changed less than two (2) months prior to the AGM. Should a member of the Nomination Committee leave the Committee prior to completion of the Committee's work and if the Committee finds it necessary to replace this member, the Nomination Committee should appoint a new member in accordance with the principles set out in item 1 above, based on the share register maintained by Euroclear Sweden AB, as soon as possible after the member has left the Committee. Changes in the Nomination Committee are announced immediately.
5. The Nomination Committee should prepare and submit proposals to the General Meeting in respect of:
  - the election of the Chairman of the AGM;
  - number of Board members;

- the election of the Chairman of the Board of Directors and other Board members on the Company's Board of Directors;
  - directors' fees specified between the Chairman of the Board of Directors and other Board members;
  - the election of and approval of fees to the auditor and deputy auditor (where applicable), and
  - resolutions on policies regulating the appointment of the Nomination Committee (where applicable).
6. No fees are payable to members of the Nomination Committee. The Nomination Committee is entitled to charge the Company with expenses including the cost of recruitment consultants or other expenses required for the Nomination Committee to fully execute its assignment.

*Item 15 – Resolution on guidelines for the remuneration of senior executives*

The Board of Directors proposes that the AGM passes a resolution on the following guidelines for determining remuneration and other terms of employment for the President (the "President") and other senior executives ("Senior Executives"). The proposal for guidelines for determining remuneration and other terms of employment for the President and Senior Executives is, essentially, the same as those guidelines adopted at the 2014 AGM, with the exception that a proposed warrants program is included in the proposal.

The overriding policies for remuneration of Senior Executives are that remuneration should reflect the position, the individual's performance and the Group's earnings, and be market-based and competitive in the country of employment. Total remuneration to Senior Executives should comprise a fixed salary, variable salary in the form of Short-Term Incentives (STIs) based on annual performance targets, Long-Term Incentives (LTIs) based on performance over a multi-year period as well as pension and other benefits. In addition to the aforementioned come the terms for notice of termination and severance pay. Fixed salaries should be set below median market rates, however, total remuneration, including STIs and LTIs, should enable median market salaries to be exceeded. Total remuneration should be reviewed annually to ensure that it reflects market rates and is competitive. Comparisons should take into consideration the position, the Company's size, the level of salary and the individual's experience.

*Fixed salary*

Fixed salary comprises the basis for total remuneration. The fixed salary should relate to the relevant market and reflect the scope of the responsibility entailed by the position.

*Variable salary (Short Term Incentives "STI")*

In addition to their fixed salaries, Senior Executives should receive STIs for performance that surpasses one or more predetermined performance targets during the fiscal year. Remuneration from the STI program is limited to a maximum of 100% of the fixed salary for the President and 30% of fixed salary for other management, which means that Byggmax can immediately calculate the maximum variable remuneration level. STIs are measured with qualitative and quantitative measures. The maximum cost of the Byggmax Group's STI program is estimated to amount to about SEK 6.0 million (6), excluding social security contributions.

*Long Term Incentives "LTI"*

The 2013 AGM resolved on an LTI program in the form of a warrants-based incentive program. This incentive program is described in Note 9 of the 2014 Annual Report and can be viewed on the Company's website, [www.byggmax.com](http://www.byggmax.com).

The Board has evaluated the need of an additional incentive program and decided to propose that the 2015 AGM resolve to adopt a warrants-based incentive program in accordance with separate decision data.

#### *Pension*

Where possible, pension agreements should be premium-based and designed in accordance with the levels and practices applicable in the country where the Senior Executive is employed.

#### *Other benefits*

Other benefits may be provided in accordance with the conditions that apply in the country where the Senior Executive is employed. However, all such benefits should be as limited in scope as possible and are not permitted to comprise a significant proportion of total remuneration.

#### *Notice period and severance pay*

Senior Executives should be offered terms complying with prevailing legislation and practices in the country of employment of the Senior Executive. During the notice period, Senior Executives should be prevented from working in a competing business. In specific cases, a non-compete clause against continued compensation is applicable for a period of up to 24 months after termination of the notice period. At present, the longest notice period in the Byggmax Group is 12 months and no severance pay agreement exists in any employment contract.

The Board has the right to deviate from the aforementioned guidelines if the Board deems that it is motivated in specific cases.

#### *Item 16 – Resolution regarding the incentive program, comprising a private placement and assignment of warrants*

The Board proposes that the AGM resolve on a long-term incentive program as follows, comprising a private placement of warrants and the assignment of warrants.

#### *Background and motive*

The Board deems it important and in the interest of all shareholders that the employees of the Byggmax Group have a long-term interest in a favorable trend in the Company's share price. The Company has previously adopted warrants-based incentive programs at the 2011 and 2013 AGMs. Of these programs, the warrants-based incentive program adopted at the 2013 AGM is still outstanding while the incentive program adopted at the 2011 AGM has expired without any shares being subscribed for under the warrants (for additional information see the heading "Outstanding and previous share-related incentive programs" below).

A warrants-based incentive program for the Byggmax Group's employees enables the reward of employees to be linked to the Company's future earnings and value trends. Long-term growth in value is thereby prioritized and the goals of shareholders and the employees concerned coincide. In addition, share-related incentive programs create a Group-wide focus for these employees and thus prioritize actions for the long-term. The incentive program is also assessed as facilitating the recruitment and retention of key employees by the Company.

In light of the terms and conditions, the size of the allocation and other circumstances, the Board is of the opinion that the proposed incentive program, in accordance with the following, is both reasonable and advantageous for the Company and its shareholders.

*Allotment and general terms for the warrants*

A maximum issue of 1,344,000 warrants is proposed. The warrants are intended to be offered to employees at market rates in even lots of 2,000 warrants. Participants in the incentive program are divided into three (3) categories. The Company's Board should be empowered to decide on allocation of the warrants in accordance with the following guidelines:

Category	No. of participants in the category	Guaranteed allocation of warrants per participant
President	1	400,000
Other management	6	80,000
Key individuals	29	16,000
<b>Total</b>	<b>36</b>	<b>1,344,000</b>

Over-subscription is permitted with a maximum of 50 percent of the above guidelines per participant. In the case of over-subscription, allocation over and above the guaranteed allocation per participant as detailed above will be performed pro rata to the above guidelines. The highest possible allocation per participant is 600,000 warrants for the category "President", 120,000 for the category "Other management" and 24,000 for the category "Key individuals."

All warrants are to be issued free of any consideration to Byggmax AB (Corporate Registration Number 556645-6215) (the Subsidiary), a wholly-owned subsidiary of Byggmax Group AB, to later, in turn, be assigned to the participants in the incentive program. In this connection, the price per warrant should therefore correspond to the warrant's market value estimated through application of the customary valuation model (the Black-Scholes model) based on the share price of the listed share and other market conditions prevailing on the date of assignment.

Each warrant entitles the holder, during the period May 30, 2018 through November 30, 2018, to subscribe for one (1) new share in the Company at a subscription price amounting to 115% of the mean value of the volume-weighted-average for each trading day of the price paid for the Company's share on Nasdaq OMX Stockholm during the period May 7, 2015 through May 21, 2015. Days on which no price paid or bid price is recorded should not be included in the calculation. The subscription price arrived at through this calculation should be rounded off to the nearest whole ten öre, whereby 4 öre (4) should be rounded down and 5 öre (5) and above rounded up. The subscription price is not permitted to be lower than the quotient value of the Company's shares.

The calculation of the market value and calculation of the subscription price for subscription for new shares in the Company must be performed by an independent rating agency.

Subscription to warrants should be performed on the subscription list by May 19, 2015. The Board of Directors retains the right to extend the subscription period.

The subscription price and number of shares that every warrant entitles the holder to subscribe for is recalculated in the event of a split, a reverse split, new share issues, etcetera in accordance with customary conversion rules. Furthermore, in accordance with customary terms, warrants should be possible to exercise prematurely in the event

of a compulsory redemption of shares, liquidation or merger whereby the Company is absorbed into another company.

A prerequisite for the allocation of warrants is that the participant signs a pre-emption agreement with the Subsidiary.

The underlying reasons for deviation from the shareholders' preferential rights is specified under the heading "Background and motive."

#### *Costs, dilution effects and effects on relevant key ratios*

It is proposed that the participants' acquisition of warrants is subsidized by the Byggmax Group through the participants receiving a cash bonus after tax corresponding to not more than 50 percent of the price of the warrants acquired by the respective participants. This bonus will be paid in the following stages: one third on subscription, one third one (1) year following subscription and one third two (2) years after subscription and requires that before each payment the respective participant is still an employee of the Byggmax Group and still holds the acquired warrants or, where applicable, the shares subscribed through exercising the warrants. The AGM's resolution on this matter will authorize the Board to prepare complete terms and conditions for this bonus program.

The incentive program is expected to result in costs of about SEK 2,500,000 per year, a total of SEK 7,500,000 for the period until the last day of subscription for the warrants, for the Byggmax Group. The costs are primarily attributable to the payment of bonuses and associated employers' contributions for the Company's subsidy of the participants' acquisition of warrants.

The proposed incentive program comprises a maximum of 1,344,000 warrants that can be utilized for subscribing for a maximum of 1,344,000 shares, which corresponds to an increase in the number of shares outstanding and votes in the Company with a maximum of approximately 2.2%. The Company's share capital can increase by a maximum of SEK 448,000, with reservation for any increase caused by recalculation in line with the terms of the warrants.

Dilution and the costs of establishing and administering the incentive program are expected to have a marginal impact on the Byggmax Group's key ratios.

#### *Outstanding and previous share-related incentive programs*

At the 2013 AGM, the Company resolved to adopt an incentive program, comprising a private placement and assignment of warrants to the President, other management and key individuals. The warrants were issued free of any consideration to the Subsidiary, to later, in turn, be assigned to the participants in the incentive program. The program comprised a total of 828,000 warrants of which. 600,000 warrants were assigned to participants in the incentive program. Each warrant entitles the holder to subscribe for one new share in the Company in the period from May 30, 2017 until November 30, 2017 at a price of SEK 42.8 per new share. The participants in the warrants program have entered into a pre-emption agreement.

The warrants-based incentive program adopted at the 2011 AGM has expired without any shares being subscribed for under the warrants. The program comprised a total of 600,000 warrants of which. 565,000 warrants were assigned to participants in the incentive program.

The Board of Directors does not intend to implement incentive programs on an annual basis.

### *Majority requirement*

A resolution in favor of the proposal requires the support of shareholders representing a minimum of nine tenths of the votes cast and nine tenths of the shares represented at the AGM.

### **Information concerning the AGM**

The Board of Directors and the President must, if a shareholder so requests and the Board of Directors considers it possible without this resulting in material damage to the Company, provide information concerning, conditions that could influence the assessment of an item on the agenda, conditions that could influence assessments of the financial condition of the Company or subsidiaries and the company's relationship to other Group companies.

### **Documentation for the Annual General Meeting**

The financial statements and auditors' report, the auditors' opinion on the application of guidelines for the remuneration of Senior Executives, a complete set of proposals for the resolutions, and, where applicable, reasoned opinions as well as other documents pursuant to the Companies Act will be available from the Company at Armégatan 40 in Solna, Sweden, and on the Company's website, [www.byggmax.com](http://www.byggmax.com), not later than three weeks before the AGM, that is, not later than April 14, 2015. Copies of the documents are sent to shareholders who have requested this and provided their postal address. The documents will also be available at the AGM.

Stockholm, March 2015

**Byggmax Group AB (publ)**

***Board of Directors***