

Notice of Annual General Meeting 2018 of AB Fagerhult (publ)

Shareholders of AB Fagerhult (publ), Corporate Identity Number 556110-6203, are hereby given notice of the Annual General Meeting of the Company to be held on Monday, 23 April 2018 at 5:00 p.m. in Fagerhult, Ävägen 1, SE-566 80, Habo, Sweden.

A. REGISTRATION

Shareholders wishing to take part in the Annual General Meeting (AGM) must be registered in the shareholders' register kept by Euroclear Sweden AB no later than Tuesday, 17 April 2018 and register their attendance with Fagerhult no later than 17 April 2018.

Registration can be done by e-mail at arsstamma@fagerhult.se, by telephone on +46 (0)8-522 359 75 or by postal mail to AB Fagerhult, SE-566 80 Habo, Sweden. When registering shareholders, are required to indicate their name, personal/corporate identity number, address, telephone number, registered shareholding along with information on any proxies and assistants. Persons attending the AGM under a power of attorney are required to submit the power of attorney to Fagerhult before the meeting.

Holders of nominee-registered shares must, to be entitled to attend the AGM, temporarily have their shares registered in their own name through their nominee to ensure that they are registered in the shareholders' register before 17 April 2018.

Information on documents that will be presented at the AGM are available on the Company's website, www.fagerhultgroup.com.

B. PROPOSED AGENDA

1. Opening of the AGM
2. Election of a Chairman for the AGM
3. Preparation and approval of the list of voters
4. Approval of the agenda
5. Election of minute-checkers
6. Determination of whether the AGM has been duly convened
7. Presentation of the annual report and audit report and the consolidated accounts and consolidated audit report
8. Presentation by the CEO
9. Resolution on adoption of the income statement and balance sheet and the consolidated income statement and balance sheet
10. Resolution on the distribution of the Company's profit or loss according to the adopted balance sheet
11. Resolution on release from liability for Directors and the CEO
12. Determination of the number of Directors and Deputy Directors

13. Determination of fees to be paid to the Directors and auditors
14. Election of a Chairman of the Board and other Directors
15. Election of auditors
16. Authorisation of the Board of Directors to buy back shares of the Company during the period until the next AGM
17. Authorisation of the Board of Directors to transfer treasury shares during the period until the next AGM
18. Principles for the composition of the Nomination Committee
19. Determination of principles for remuneration to senior management
20. Resolution on a performance-based share-savings plan for senior management
21. Other items
22. Closure of the AGM

Item 2 Proposed election of a Chairman for the AGM

A Nomination Committee consisting of Jan Svensson as Chairman of the Board of AB Fagerhult, Eric Douglas representing Investment AB Latour, Göran Espelund representing Lannebo Funds, Evert Carlsson representing Swedbank Robur Small business funds and Jan Särilvik representing Nordea Investment Funds proposes that Jan Svensson be appointed to chair the AGM.

Item 10 Proposed dividend

The Board of Directors proposes that a dividend of SEK 2.00 per share, or a total of MSEK 229.0, be paid and that the remaining funds, MSEK 246.4, be carried forward. The proposed record day is 25 April 2018. If the shareholders attending the AGM approve the proposal, it is estimated that the dividend will be distributed by Euroclear Sweden AB on 30 April 2018.

Item 12 Proposal for the number of Directors

The Nomination Committee proposes that the AGM appoint seven Directors with no Deputy Directors.

Item 13 Proposal for fees to be paid to the Directors and auditors

The Nomination Committee proposes that fees be paid to the members of the Board of Directors, including for Committee work, be as follows: SEK 650,000 to the Chairman of the Board, SEK 450,000 to the Vice Chairman and SEK 300,000 to each of the other non-executive Directors. It is thus proposed that total Directors' fees of SEK 2,300,000 be paid. It is proposed that fees be paid to the auditors on the basis of approved invoices, as in previous years. It is proposed that no additional fees be paid for Committee work.

Item 14 Proposal for election of a Chairman of the Board and other Directors

The Nomination Committee, representing owners holding approximately 61.8 per cent of the capital and votes, proposes that the regular Directors Jan Svensson, Eric Douglas, Fredrik Palmstierna, Johan Hjertonsson, Catherina Fored, Cecilia Fasth and Morten Falkenberg be re-elected to the Board.

It is proposed that Jan Svensson be appointed Chairman and Eric Douglas Vice Chairman.

Item 15 Election of auditors

The Nomination Committee proposes that PricewaterhouseCoopers AB be appointed auditors for the period until the next AGM.

Items 16 & 17 Purchase and transfer of shares

The Board of Directors proposes that the AGM resolve to authorise the Board to purchase, during the period until the next AGM, shares up to a maximum of 10 per cent of all outstanding shares of the Company at any given time. Shares may be purchased on Nasdaq Stockholm at a price which is within the registered spread, defined as the spread between highest bid price and lowest ask price. Purchases may be made on one or several occasions.

The Board of Directors further proposes that the AGM authorise the Board, during the period until the next AGM, to sell treasury shares by other means than on Nasdaq Stockholm in connection with a company or business acquisition. The authorisation may be used on one or several occasions and covers all treasury shares held by the Company at the time of the Board's decision. The authorisation also includes a right to dis-apply the pre-emption rights of existing shareholders and to apply or not apply provisions on non-cash payment or payment by set-off.

The purpose of the authorisation is partly to enable adaptations to the Group's capital structure and partly to enable future company or business acquisitions through payment in the form of treasury shares. Such transfer may be effected at a price in money or received assets, which, in case of an acquisition, have a value corresponding to the quoted price of the shares at the time of transfer. By holding treasury shares, the Company is also able to secure obligations under the performance-based share-savings plan for senior management proposed in item 20, including equivalent plans from previous years. A resolution of the AGM adopting the Board's proposal under this item requires the approval of shareholders representing at least two-thirds of the votes cast and represented at the AGM.

Item 18 Proposal regarding principles for the composition of the Nomination Committee

The Nomination Committee also proposes that the AGM continue to adopt the principles for the composition of the Nomination Committee for the 2019 AGM as was adopted for the 2018 AGM, primarily as follows:

AB Fagerhult is to have a Nomination Committee comprising a representative of each of the four largest shareholders or owner groups in terms of the number of votes plus the Chairman of the Board who shall be co-opted ("adjungerad") without the right to vote.

The Nomination Committee is to be formed after the Chairman of the Board has identified the four largest shareholders in the Company in terms of the number of votes that are to make up the Nomination Committee along with the Chairman. The identity of these shareholders is to be based

on the shareholders' register and list of nominees maintained by Euroclear Sweden AB and refer to those shareholders registered under their own names or as members of an owner group as per 31 August 2018. It is not necessary to change the composition of the Nomination Committee if only marginal changes in the ownership of shares occur after this control date.

If one of the four largest shareholders waives their right to appoint a representative, this right is then transferred to the next shareholder that has the largest shareholding of the shareholders not identified as one of the four largest shareholders on the same date. The names of the four members and the names of the shareholders that they represent are to be published not later than in connection with the Company's interim report for the third quarter, and the name of the people who can be contacted to discuss Nomination Committee matters is also to be published. The mandate period of the Nomination Committee is until a new Nomination Committee is appointed.

Item 19 Proposal for principles for remuneration to senior management

The Board of Directors proposes that the AGM approve the following guidelines for remuneration to senior management. Senior management refers to the CEO and Group Management.

Remuneration to the CEO and other senior management consists of basic salary, variable remuneration, other benefits and pensions. The balance between basic salary and variable remuneration is to be in proportion to the employee's responsibilities and authority.

For the CEO, annual variable remuneration is capped at six months' salary. The variable salary is based on the Group's earnings per share. For other senior management, annual variable remuneration is capped at 30-40 per cent of basic salary. Variable remuneration is set in relation to the Group's earnings per share as well as individual targets.

The CEO and other senior management are covered by a long-term incentive scheme in the form of a performance-based share-savings plan (see also item 20).

The retirement age of the CEO and other senior management is 65. For the CEO, pension contributions representing 35 per cent of the fixed annual salary are paid. Pension benefits for other senior management are paid within the framework of applicable supplementary pension plans (ITP) for salaried employees.

For the CEO, the notice period for termination of employment is six months if termination is initiated by the Company and six months if initiated by the CEO. If termination is initiated by the Company without reason for termination, the CEO is entitled to severance pay corresponding to 12 months' salary. Severance pay is deducted against other earned income. For other senior management, the notice period is 12 months if initiated by the Company, and six months if initiated by the employee. No separate agreements exist regarding retirement age, future pension or severance pay.

The Board of Directors shall have the right to depart from these guidelines if there are special reasons for this.

Item 20 Proposal of the Board of Directors of AB Fagerhult (publ) for a resolution on a performance-based share-savings plan and the transfer of repurchased shares under the plan

The Board of Directors proposes that the AGM resolve to approve a performance-based share-savings plan ("2018 Performance-based Share-Savings Plan") for AB Fagerhult (publ) ("Fagerhult") as well as the transfer of repurchased shares as part of the 2018 Performance-based Share-Savings Plan, in accordance with a) and b) below.

If the AGM resolves to approve the 2018 Performance-based Share-Savings Plan, the Board intends to subsequently present information on target levels and outcomes at the 2020 AGM.

a) 2018 PERFORMANCE-BASED SHARE-SAVINGS PLAN

1.1 2018 Performance-based Share-Savings Plan in brief

The reasons for the proposed 2018 Performance-based Share-Savings Plan is to strengthen the Company's ability to recruit and retain employees, spread and expand share ownership among the employees and create a shared focus in the Group for the employees concerned. Through a share-based incentive scheme, the employees' remuneration can be tied to the Company's future earnings and capital growth. This places the emphasis on long-term capital growth, ensuring that shareholders and the employees concerned have the same goal.

The 2018 Performance-based Share-Savings Plan is based on similar principles as the performance-based share-savings plan adopted at each of the AGMs of Fagerhult from 2012 to 2017 inclusive. The plan covers approximately 40 members of senior management and key individuals in the Fagerhult Group. To participate in the plan, participants will be required to invest in Fagerhult shares. After the vesting period, the participants will be allocated shares of Fagerhult free of charge subject to fulfilment of certain terms and conditions. These "performance share awards" will entitle participants to receive shares of Fagerhult provided that they have remained employees of Fagerhult during the vesting period and held their full investment in Fagerhult shares during that period. The allocation of shares is also subject to achievement of a financial performance target set in relation to Fagerhult's average earnings per share in the financial years 2018 and 2019.

1.2 Participants in the 2018 Performance-based Share-Savings Plan

The 2018 Performance-based Share-Savings Plan covers approximately 40 members of senior management and key individuals of the Fagerhult Group, divided into three categories. The first category comprises the Company's CEO, the second category comprises the other six members of Group Management and the third category consists of around 33 other key individuals in the Fagerhult Group. Additional senior management and key individuals that have been recruited but have not yet begun their employment at Fagerhult before the deadline for enrolment in the plan may be offered to participate on condition of commencement of employment (whereby the number of persons in the various categories may be adjusted).

1.3 Private investment and allocation of Performance Share Awards

To be entitled to participate in the plan, participants will be required to acquire shares of Fagerhult at market price ("Savings Shares") for a value representing at least 25 per cent and no more than 100 per cent of the participant's pre-tax monthly salary for March 2018. If the participant has access to insider information and is therefore prevented from acquiring shares of Fagerhult in connection with enrolment in the plan he or she will be required to complete the acquisition of shares as soon as possible, but before the next AGM.

For category 1, i.e. the Chief Executive Officer of the Company, each Savings Share entitles the holder to five performance share awards ("Performance Share Awards"). For category 2, consisting of the remaining six members of Group Management, each Savings Share entitles the holder to four Performance Share Awards. For category 3, consisting of around 33 other key individuals, each Savings Share entitles the holder to three Performance Share Awards. Allocations of Fagerhult shares

will be made no earlier than the day after publication of Fagerhult's interim report for the first quarter of 2021 and, normally, no later than two weeks thereafter ("Vesting Period").

1.4 Terms and conditions for Performance Share Awards

Performance Share Awards are subject to the following terms and conditions:

- Performance Share Awards are allocated free of charge.
- Each Performance Share Award entitles the holder to obtain one Fagerhult share free of charge provided that the participant remains an employee of the Fagerhult Group and has not sold any of the Savings Shares which he or she originally held during the Vesting Period. The allocation of shares is also subject to achievement of a financial performance target.
- Participants do not have the right to transfer, pledge or sell Performance Share Awards or to exercise any shareholder rights in respect of their Performance Share Awards during the Vesting Period.
- The gain per allocated share is limited to SEK 303 (excluding any compensation which participants may receive in any extraordinary dividends), which is approximately three times the average closing price for the Company's shares in February 2018. If the gain were to exceed this limit, the number of Fagerhult shares allocated to each participant will be reduced accordingly.

1.5 Performance Share Awards

The number of Performance Share Awards entitling the holder to an allocation of shares is contingent on achievement of a target range, as defined by the Board of Directors, for Fagerhult's average earnings per share in the financial years 2018 and 2019. The outcome will be measured on a straight-line basis between a defined minimum level and a defined maximum level. If the minimum level of the target range is not achieved, the Performance Share Awards will not entitle the holder to any shares, and if the maximum level of the range is achieved, each Performance Share Award will entitle the holder to one share.

1.6 Design and administration

The Board of Directors, or a committee specially appointed by the Board, will be responsible for the precise design and administration of the 2018 Performance-based Share-Savings Plan as well as the detailed terms and conditions applying between Fagerhult and participants in the plan, subject to the terms and conditions and guidelines described herein. In connection therewith, the Board will have the right to define divergent terms and conditions for the plan in respect of aspects such as the Vesting Period and allocation of Fagerhult shares in the event of termination of employment during the Vesting Period that is due to early retirement, for instance. The Board will also have the right to make adjustments for the purpose of meeting specific rules or market conditions outside Sweden. In the event that it is not possible to deliver shares at reasonable cost and with a reasonable administrative input to persons outside Sweden, the Board will have the right to instead offer cash settlement to a participant. In certain cases, the Board will have the right to reduce the final allocation of Fagerhult shares or wholly or partly terminate the plan ahead of schedule without compensation to the participants in case of significant changes in the Company or in the market.

1.7 Scope

The number of Savings Shares depends on the price of Fagerhult shares at the time of purchase. The maximum number of shares of Fagerhult that may be allocated under the 2018 Performance-based Share-Savings Plan is limited to 720,000, or roughly 0.6 per cent of the total outstanding number of shares and votes. In accordance with the precise rules to be defined by the Board of Directors, the number of shares covered by the 2018 Performance-based Share-Savings Plan may become subject to restatement due to a bonus issue, reverse share split or share split, rights issue or similar action taken by Fagerhult, having regard to generally accepted practice for equivalent incentive schemes. The number of shares may also be restated for the purpose of compensating participants in case of payment of an extraordinary dividend. Any restatement of the number of shares may also result in the restatement of the limit on the gain per share.

1.8 Hedging measures

To ensure delivery of Fagerhult shares under the 2018 Performance-based Share-Savings Plan, the Board proposes that it be authorised to apply alternative methods for the transfer of Fagerhult shares under the plan. It is thus proposed that the Board have the right to transfer repurchased Fagerhult shares to participants or to conclude a share swap agreement with a third party for the purpose of meeting its obligations under the plan (pursuant to (b) below). To the extent that delivery of Fagerhult shares is ensured through a share swap agreement, it is proposed that the Board have the right to transfer shares repurchased on Nasdaq Stockholm for the purpose of funding potential costs related to the agreement and plan. The Board considers that the first alternative, i.e. the transfer of repurchased Fagerhult shares to the participants, is the most cost-effective and flexible method for delivery of Fagerhult shares and for covering certain costs, primarily social security contributions.

1.9 Estimated costs for and value of the 2018 Performance-based Share-Savings Plan

Performance Share Awards cannot be pledged or transferred to other parties. It is, however, possible to calculate an estimated value for each right. The Board has estimated the average value of each Performance Share Award at about SEK 97.80. The estimate is based on generally accepted valuation models using the closing price for Fagerhult shares on 5 March 2018, the SEK 303 limit on the gain per share, performance data for Fagerhult shares and estimated future dividends. Assuming that approximately 75 per cent of the persons that have been offered to participate in the plan choose to do so and a 50 per cent achievement of the financial performance target and estimates of staff turnover, the total estimated value of the Performance Share Awards is approximately SEK 5.5 million. The value represents around 0.05 per cent of Fagerhult's stock market capitalisation on 5 March 2018.

Costs will be recognised as personnel costs in the income statement over the Vesting Period, in accordance with IFRS 2 Share-based Payment. In accordance with UFR 7, social security contributions will be charged to the income statement over the Vesting Period. The size of these costs will be calculated based on Fagerhult's share price performance during the Vesting Period and the allocation of Performance Share Awards. Based on an annual share price growth of 10 per cent over the term of the plan and a Vesting Period of around three (3) years, the cost of the 2018 Performance-based Share-Savings Plan, in terms of personnel costs is estimated at around SEK 4.9 million, which on an annual basis represents about 0.3 per cent of Fagerhult's total personnel costs in the 2017 financial year.

1.10 Effects on key performance indicators

In case of 75 per cent participation in the 2018 Performance-based Share-Savings Plan, Fagerhult's personnel costs are expected to increase by around SEK 4.9 million and on a pro forma basis for 2017, these costs represent a negative impact on Fagerhult's operating margin of about 0.1 percentage points and a decrease in earnings per share of about SEK 0.03.

The Board deems, however, that the positive effects on earnings that are expected to result from increased share ownership among senior management and persons in senior managerial positions, which may be further increased through the plan, outweighs the costs related to the 2018 Performance-based Share-Savings Plan.

1.11 Drafting of the proposal

The 2018 Performance-based Share-Savings Plan was initiated by the Board of Directors of Fagerhult and has been formulated in consultation with external advisors. The plan has been drafted in the Board's Remuneration Committee and discussed at Board meetings in the first few months of 2018.

1.12 Other incentive schemes in Fagerhult

At Fagerhult's AGMs from 2012 to 2017 inclusive it was resolved to introduce performance-based share-savings plans, which are largely designed in the same way as the present 2018 Performance-based Share-Savings Plan. For a description of the performance-based share-savings plans adopted at the AGMs in 2012 to 2017, see the Company's 2017 Annual Report. Apart from these, there are no other previous share-based incentive schemes in Fagerhult that the Company is participating in and paying for.

1.13 Resolutions proposed by the Board of Directors

With reference to the above description, the Board of Directors proposes that the AGM resolve to introduce the 2018 Performance-based Share-Savings Plan.

1.14 Majority requirement

The Board's proposed resolution on the introduction of the 2018 Performance-based Share-Savings Plan requires the support of shareholders representing more than half of the votes cast at the AGM.

b) TRANSFER OF SHARES UNDER 2018 PERFORMANCE-BASED SHARE-SAVINGS PLAN

1.1 Background

To be able to implement the 2018 Performance-based Share-Savings Plan in a cost-effective and flexible manner, the Board of Directors has considered different methods for ensuring delivery of Fagerhult shares to participants in the 2018 Performance-based Share-Savings Plan. In view of these considerations, the Board intends, in the first hand, to ensure delivery of Fagerhult shares under the 2018 Performance-based Share-Savings Plan by transferring treasury shares held by Fagerhult to the participants. Such transfer of repurchased Fagerhult shares is subject to qualified majority voting. To

the extent that the Board's proposed resolution on the transfer of repurchased shares to the participants does not obtain the required majority, the Board intends, in the second hand, to conclude a share swap agreement with a third party to ensure delivery of Fagerhult shares to the participants.

To the extent that delivery of Fagerhult shares is ensured through a share swap agreement, it is proposed that the Board have the right to transfer shares repurchased on Nasdaq Stockholm in order to fund potential costs related to the agreement and plan. Such transfer of repurchased Fagerhult shares is subject to qualified majority voting. If the required majority is not obtained, the Board intends to conclude a share swap agreement and fund the agreement by other means than the transfer of repurchased shares.

1.2 The Board's proposed resolution on transfer of repurchased shares to participants

Accordingly, the Board of Directors proposes, in the first instance, that the AGM resolve to approve the transfer of repurchased shares on the following terms:

(i) A maximum of 720,000 Fagerhult shares may be transferred to participants in the 2018 Performance-based Share-Savings Plan (or such higher number as may result from restatement due to a bonus issue, reverse share split or share split, rights issue or similar action by Fagerhult, in accordance with generally accepted practice for equivalent incentive schemes).

(ii) Shares will be transferred without payment at the time when and on the terms and conditions under which participants in the 2018 Performance-based Share-Savings Plan are entitled to receive allocations of shares.

The reasons for disapplication of the pre-emption rights of existing shareholders is that the transfer of shares forms part of the implementation of the 2018 Performance-based Share-Savings Plan. Therefore, and in view of what is stated above, the Board considers that it will be to the benefit of Fagerhult to transfer shares in accordance with the proposal.

The Board intends, prior to the 2021 AGM, to propose that the AGM resolve to authorise the transfer of up to 180,000 shares out of Fagerhult's total holding of repurchased shares of the Company on Nasdaq Stockholm to the extent that the shares are not required for fulfilment of Fagerhult's obligation to deliver shares to the participants in accordance with the terms and conditions for the 2018 Performance-based Share-Savings Plan. Such transfer will be made for the purpose of covering costs such as social security contributions for the 2018 Performance-based Share-Savings Plan.

1.3 The Board's proposed resolution on transfer of repurchased shares on Nasdaq Stockholm

If the Board's proposal in section 1.2 has not obtained the necessary majority, the Board proposes, in the second hand, that the AGM resolve to authorise the transfer of repurchased shares on the following terms and conditions. Up to 720,000 Fagerhult shares may, on one or several occasions during the period until the next AGM, be transferred on Nasdaq Stockholm for the purpose of funding potential costs related to the share swap agreement or to the 2018 Performance-based Share-Savings Plan (or such higher number of Fagerhult shares as may result from restatement due to a bonus issue, reverse share split or share split, rights issue or similar action by Fagerhult, in accordance with generally accepted practice for equivalent incentive schemes). Transfers must be made within the registered spread at any given time.

The reasons for disapplication of the pre-emption rights of existing shareholders is that the transfer of shares forms part of the implementation of the 2018 Performance-based Share-Savings Plan.

Therefore, and in view of what is stated above, the Board considers that it will be to the benefit of Fagerhult to transfer shares in accordance with the proposal.

1.4 Majority requirement

The Board's proposed resolution pursuant to section 1.2 above requires the support of shareholders representing at least nine-tenths of the votes cast and the shares represented at the AGM. The Board's proposed resolution pursuant to section 1.3 above, which applies only to the extent that the proposed resolution pursuant to section 1.2 has not obtained the necessary majority, requires the support of shareholders representing at least two-thirds of the votes cast and shares represented at the AGM. The Board's proposal pursuant to the present section b is subject to approval by the AGM of the Board's proposal on the 2018 Performance-based Share-Savings Plan (section a above).

C. INFORMATION AT THE AGM

The Board of Directors and CEO shall, if requested by a shareholder, and if the Board considers that this can be done without material damage to the Company, disclose information on circumstances which could influence the assessment of an agenda item, circumstances which could influence the assessment of the Company's or a subsidiary's financial situation and the Company's relationship to another company in the Group. Those wishing to submit questions in advance may do so by writing to AB Fagerhult at the same postal address as that indicated above for registration for the AGM.

D. NUMBER OF SHARES AND VOTES IN THE COMPANY

At the time of this notice, the total number of shares and votes in the Company is 115,650,000. AB Fagerhult currently holds 1,157,778 treasury shares, representing 1,157,778 votes, which cannot be represented at the AGM.

Habo, March 2018

AB Fagerhult (publ)

The Board of Directors