

## **ANNUAL GENERAL MEETING IN CONCENTRIC**

The board Concentric AB has resolved to convene an annual general meeting of shareholders to be held on Thursday 4 April 2019. Further details on the proposals can be found in the notice convening the meeting, below.

The notice is expected to be published in the Swedish Official Gazette (*Post- och Inrikes Tidningar*) and on the company's website within the next few days.

### **Annual general meeting in Concentric AB**

The annual general meeting of Concentric AB will be held at 12:00 CET on Thursday 4 April 2019, in Kreugersalen at Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm. Registration begins at 11:30 CET. Coffee will be served.

#### **NOTICE OF ATTENDANCE**

Those wishing to attend the general meeting must:

- (i) be recorded in the share register maintained by Euroclear Sweden AB, as of Friday 29 March 2019; and
- (ii) notify the company of their intention to participate in the general meeting at the address Concentric AB, Strandgatan 2, 582 26 Linköping, Sweden, by telephone +46 76 610 40 04 or at the company's website, [www.concentricab.com](http://www.concentricab.com), no later than Friday 29 March 2019.

On giving notice of attendance, the shareholder should state the shareholder's name (company name), address, telephone number, personal identity number or equivalent (corporate identity number) and shareholdings. Proxies and representatives of a legal person are asked to submit documents of authorisation prior to the general meeting. A proxy form will be available on the company's website, [www.concentricab.com](http://www.concentricab.com), and will be sent, immediately and free of charge to the recipient, to those shareholders who so request and state their postal address.

In order to participate in the general meeting, those whose shares are registered in the name of a nominee must request their bank or broker to have their shares owner-registered with Euroclear Sweden AB as of Friday 29 March 2019 and the bank or broker should therefore be notified in due time before said date. This registration may be made temporarily. See below for further information on the processing of personal data.

#### **AGENDA**

##### **Proposal for agenda**

1. Opening of the general meeting and election of chair of the general meeting
2. Drawing up and approval of the voting list
3. Approval of the agenda
4. Election of one or two persons to approve the minutes
5. Determination of whether the general meeting was duly convened
6. The CEO's report
7. Presentation of the annual report and the auditor's report and the consolidated financial statements and the consolidated auditor's report

8. Resolutions on:
  - (a) adoption of the income statement and the balance sheet and the consolidated income statement and the consolidated balance sheet;
  - (b) appropriation of the company's result according to the adopted balance sheet and on record date for dividend; and
  - (c) discharge of personal liability for the board members and the CEO for the financial year 2018
9. Resolution on the number of board members and auditors
10. Resolution on fees to the board members and the auditor
11. Election of the board members and the auditor
12. Resolution on approval of guidelines for remuneration to senior executives
13. Resolution on a reduction of share capital with retirement of repurchased own shares and increase of the share capital through a bonus issue
14. Resolution on performance based incentive programme (LTI 2019)
15. Resolution on a directed issue of warrants and approval of transfer of warrants
16. Resolution on:
  - (a) authorisation for the board to resolve on acquisition of own shares;
  - (b) authorisation for the board to resolve on transfer of own shares;
  - (c) transfer of own shares to participants in LTI 2019; and
  - (d) transfer of own shares to an employee share ownership trust
17. Resolution on adoption of instruction for the Nomination Committee
18. Closing of the general meeting

**Proposal for election of chair of the general meeting (item 1 on the agenda)**

The Nomination Committee proposes that the chair of the board, Kenth Eriksson, be elected chair of the general meeting.

**Proposal for resolution on appropriation of the company's result according to the adopted balance sheet and on record date for dividend (item 8 (b) on the agenda)**

The general meeting has at its disposal profits carried forward of SEK 1,387,083,735 reduced with the net loss for the year of SEK -40,857,632. Thus, the general meeting has in total a non-restricted equity of SEK 1,346,226,103 at its disposal.

The board proposes a dividend for the financial year 2018 of SEK 4.25 per share, totalling SEK 164,188,397 (shares held by the company and shares held by the Employee Share Ownership Trust are excluded from dividend) and that the balance of SEK 1,182,037,706 is carried forward.

As record date for the dividend the board proposes Monday 8 April 2019. Subject to the resolution by the general meeting in accordance with this proposal, the cash dividend is expected to be distributed by Euroclear Sweden AB on Friday 12 April 2019.

**Proposals for resolution on the number of board members and auditors, resolution on fees to the board members and the auditor, and election of the board members and the auditor (items 9 – 11 on the agenda)**

In accordance with the resolution of the annual general meeting 2012, Göran Espelund, chair (Lannebo Fonder), Erik Durhan (Nordea Fonder), Marianne Nilsson (Swedbank Robur Fonder) and Johan Strandberg (SEB Fonder) were all appointed members of the Nomination Committee in September 2018, before the annual general meeting 2019. The Nomination Committee, which represents about 36.2 percent of the shares and votes in the company, proposes that the general meeting resolve mainly as set out below.

The Nomination Committee proposes that the Board be composed of eight directors elected at the AGM, with no alternates, for the period until the next AGM.

The Nomination Committee proposes re-election of Marianne Brismar, Kenth Eriksson, Martin Lundstedt, Anders Nielsen, Susanna Schneeberger, Martin Sköld, Claes Magnus Åkesson and election of Karin Gunnarsson as new director. It is proposed that Kenth Eriksson be re-elected Chairman of the Board.

Karin Gunnarsson was born in 1962. She holds a Degree of Master of Science in Business and Economics from the Stockholm School of Economics. Since 2008 she is working at HEXPOL and since 2012 she is the company's CFO and IR manager. Karin previously worked as SVP Group Controlling at Telelogic AB and as Group Financial Controller at Trelleborg AB. Karin is a member of the board of Beijer Electronics Group AB since 2018.

Karin has extensive experience from international operations in several listed industrial companies and has extensive expertise in acquisitions, tax, financing, controlling, investor relations, and accounting. More information about the proposed directors can be found on the company's website [www.concentricab.com](http://www.concentricab.com).

The Nomination Committee proposes that the company have one auditor with no deputy. The Nomination Committee proposes that the registered accounting firm KPMG AB be re-elected as the company's auditor until the end of the annual general meeting 2020. KPMG AB has notified the company that Erik Gunnarsson, authorised public accountant, will be appointed auditor-in-charge of the company. The Nomination Committee's proposal corresponds to the Audit Committee's recommendation. Neither the Nomination Committee nor the Audit Committee have been influenced by a third party and no clause of a contract entered into with a third party has influenced or restricted the Audit Committee's choice of auditor.

Fees to the directors for the period up to and including the annual general meeting 2020 is proposed to be paid as follows. The chair of the board will receive SEK 700,000 (previously SEK 560,000) and each of the other directors will receive SEK 325,000 (previously SEK 265,000). In addition, the chair of the Compensation Committee will receive SEK 100,000 (previously SEK 75,000) and director of the Compensation Committee will receive SEK 50,000 (previously SEK 30,000). Further, the Nomination Committee proposes that the chair of the Audit Committee will receive SEK 150,000 (previously SEK 100,000) and directors of said committee will receive SEK 75,000 (previously SEK 50,000). The above proposal means that the total remuneration to the board (remuneration for committee work included) will increase from SEK 2,455,000 to SEK 3,425,000.

The Nomination Committee has conducted an analysis of director fees and associated remuneration for committee work and compared them to similar companies based on several measures of size and complexity. The Nomination Committee has also considered that the scope of the work of the board and committees has been expanded. The complexity of the work has also increased. The outcome of the analysis together with the increased workload justifies, according to the Nomination Committee, an increase in said fees and remunerations.

Fees to the auditor for services performed are proposed to be paid against by the company approved current account.

**Proposal for resolution on approval of guidelines for remuneration to senior executives (item 12 on the agenda)**

The board proposes that the general meeting resolve to adopt the guidelines for remuneration to senior executives, mainly as set out below.

Concentric AB has established principles and forms for remuneration to senior executives. The board and its Compensation Committee resolve on the structures of remuneration systems, as well as levels and forms of remuneration to senior executives. The board proposes that the general meeting adopts the following guidelines for the establishment of remuneration to the Chief Executive Officer (CEO) and other senior executives. These guidelines will be valid for agreements entered into after the general meeting's resolution and for changes made to existing agreements thereafter.

The board may deviate from the guidelines below in individual cases if special causes or needs exist. In case of deviation, Swedish law requires that information on and reasons for the deviation be appended to the board's forthcoming proposal for guidelines. According to Swedish law, the company's auditor must also annually provide a statement to the board whether there has been compliance with the guidelines or not.

*General*

It is of fundamental importance to the company and its shareholders that the guidelines for remuneration to senior executives, in both a short and long term perspective, enable the company to attract and retain senior executives and other employees with excellent competence. To obtain this it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and compensation levels.

The terms of employment for senior executives shall consist of a balanced combination of fixed salary, annual bonus, long-term incentive programme, pension and other benefits and terms for dismissal/severance payment.

The total annual monetary remuneration, i.e. fixed salary, bonus and other long-term monetary remuneration, shall be in accordance with market practice on the relevant market where the senior executive operates. The total level of the compensation will be evaluated annually to ensure that it is in line with market practice for corresponding positions within the relevant market.

The remuneration should be based on performance. It should therefore consist of a combination of fixed salary and bonus, where the variable remuneration forms a relatively substantial part of the total remuneration, but it is understood that the bonus is always capped to a pre-defined maximum amount.

The annual report 2018 sets out details of the total remuneration and other benefits awarded to the senior executives during 2018.

*Remuneration and remuneration forms*

The remuneration system of the company consists of various forms of remuneration in order to create a well-balanced compensation that fosters and supports management and achievement of goals in both a short and long-term perspective.

*Fixed remuneration*

The fixed remuneration shall be individually determined and shall be based on each individual's responsibility and role as well as the individual's competence and experience in the relevant position.

### *Annual bonus*

Senior executives have an annual bonus that is payable after each year end. The annual bonus is structured as a variable part of the fixed salary. Bonus goals shall primarily be based on the outcomes of financial objectives for the entire company as well as clearly defined individual goals with respect to specific assignments. The latter is to ensure that the senior executive also focuses on non-financial targets of specific interest.

Bonus related financial objectives for the company shall be established by the board annually in order to ensure that they are in line with the company's business strategy and profit targets. On behalf of the board, the Compensation Committee establishes the financial objectives for individual units proposed by the CEO.

The part of the total remuneration consisting of the annual bonus varies depending on position and may be up to 50 percent of the fixed annual salary at full goal achievement. The bonus goals are constructed so that no bonus will be paid if a certain minimum performance level is not achieved. All bonus schemes within the organisation are discretionary and payable only after approval by the Compensation Committee unless payment is guaranteed by an existing legal agreement or contract.

### *Application of variable pay guidelines*

Under pre-existing employment contracts, there are ongoing deviations from the variable pay guidelines outlined above in respect of the CEO, whereby he may be entitled to an annual bonus of up to 80 percent of his fixed salary at full goal achievement.

### *Long-Term Incentive Programme*

In order to foster a long-term perspective in the decision-making and to ensure long-term achievement of goals, the board may propose the general meeting to resolve on long-term incentive programmes.

The board uses long-term incentives in order to ensure that senior executives within the company have a long-term interest in a stable value increase of the Concentric share. By implementing an incentive programme that is connected to the company's profits and at the same time its increase in value, the long-term growth of the company is rewarded and fostered. Further, long-term incentive programmes also aim to make the company a more attractive employer, which contributes to the company's ability to retain key employees within the group as well as to recruit new key employees.

Potential remuneration in the form of long-term incentive programmes shall be in accordance with market practice on each relevant market.

### *Pension*

When entering into new pension agreements with senior executives who are entitled to pension, the pension shall be based on defined contribution plans. Senior executives retire in accordance with local regulations on pension. As a main principle, pension premiums are based solely on fixed salary. Certain adjustments may occur in individual cases in accordance with market practice on each relevant market.

### *Other benefits*

Other benefits, such as company car, compensation for healthcare and health and medical insurance shall form a minor part of the total compensation and shall correspond to what may be deemed market practice on each relevant market.

### *Special remuneration*

In addition to the above described remunerations, agreements on additional remunerations may be made in exceptional situations, for example when considered necessary to attract and retain key personnel or induce individuals to move to new places of service or accept new positions. Such special remunerations shall be limited in time and may not exceed 36 months. Further, the total remuneration must not exceed an amount equivalent to two times the remuneration the individual would have received in the absence of an agreement on special remunerations.

### *Terms for dismissal and severance payment*

Terms for dismissal and severance pay shall correspond to what may be deemed market practice on each relevant market. The CEO has a notice period of 12 months. Other senior executives have a notice period up to 6 months. In addition hereto, when entering into new employment contracts, agreement may be made with senior executives on severance pay upon termination of employment by the company, corresponding to a maximum of 12 months' fixed salary. Upon termination of employment, market practice on each relevant market where the senior executive operates shall be complied with.

### **Proposal for resolution on a reduction of share capital with retirement of repurchased own shares and increase of the share capital through a bonus issue (item 13 on the agenda)**

The board proposes that the general meeting resolve to reduce the share capital with a retirement of repurchased own shares and to increase the share capital through a bonus issue mainly as set out below. The resolutions are conditional upon each other, thus the board proposes that the general meeting makes one joint resolution with respect to the proposals.

#### *A. Reduction of share capital*

The company's share capital will be reduced as follows.

1. The company's share capital will be reduced by SEK 1,961,010.
2. The reduction will be made with retirement of 807,000 of the shares in the company repurchased and held by it.
3. The retirement of shares will be made without any repayment.
4. The purpose of the reduction is to allocate means to unrestricted equity. The means will, however, be restored to the share capital in accordance with item B below.

The board states the following as an account under Chapter 20 Section 13 Paragraph 4 of the Swedish Companies Act. The resolution to reduce the share capital in accordance with this item requires neither the approval of the Swedish Companies Registration Office nor, in disputed cases, a court of general jurisdiction, since the company simultaneously will carry out a bonus issue meaning that neither the restricted equity nor the share capital will be reduced. The effect of the board's proposal under item A means that the company's restricted equity and share capital will be reduced by

SEK 1,961,010. The effect of the board's proposal under item B below means that the company's restricted equity and share capital will be increased by SEK 1,961,205 and thereby SEK 195 higher than the amount before the reduction. The proposed resolution to carry out a bonus issue is set out in item B below.

*B. Increase of share capital through a bonus issue*

To restore the share capital following the proposed reduction of share capital as set out above the share capital will be increased by a bonus issue of SEK 1,961,205 by a transfer of SEK 1,961,205 from the company's unrestricted equity.

The bonus issue will take place without the issuing of new shares.

Following the resolutions under items A and B the company's share capital will total SEK 97,275,768 and there will be 39,224,100 registered shares, each with a quota value of SEK 2.48.

The board, or anyone appointed by the board, is entitled to make the minor adjustments to the above proposed resolution that may be necessary upon registration of the resolution with the Swedish Companies Registration Office, Euroclear Sweden AB or due to any other formal requirement.

**Proposal for resolution on performance based incentive programme (LTI 2019) (item 14 on the agenda)**

The board believes that an incentive programme that is connected to the company's profits and at the same time its increase in value will award and foster the long-term growth of the company. Further, an incentive programme will contribute to the ability of the company to retain and recruit key employees within the group.

Considering the above, the board proposes a long-term performance based incentive programme ("LTI 2019") under which senior executives and key employees will be entitled to receive employee stock options that entitle the participants to acquire shares in the company under the terms and conditions mainly as set out below. In order to ensure and maximise the management's engagement in the company, allocation of employee stock options under LTI 2019 will be conditional upon the participants becoming shareholders in the company by own investments in the company's share on the stock market. The board's intention is that the incentive programme will run over a long-term period, thus the board intends to propose the general meeting in the coming years to resolve upon similar incentive programmes.

To be able to implement LTI 2019 in a cost-efficient and flexible manner, the board has considered various methods for transferring the company's shares under LTI 2019, such as a share swap agreement with a third party, repurchase and transfer of own shares to participants in LTI 2019 or an Employee Share Ownership Trust as well as transfer of warrants entitling to subscription of new shares. The board has also taken into consideration that delivery of shares under LTI 2019 will be made no earlier than 2022. In order to retain full flexibility, the board proposes that shares can be delivered with any of the above four alternate methods (in accordance with the proposals below and the board's proposal on directed issue and transfer of warrants and the board's proposal on acquisition and transfer of own shares to participants in LTI 2019, or an Employee Share Ownership Trust), with the right for the board to combine or choose any of the methods.

The board proposes that the general meeting resolve on the implementation of a long-term incentive programme, LTI 2019, principally based on the following conditions and principles.

1. LTI 2019 shall comprise up to seven senior executives, including the CEO, and other key employees within the Concentric group.
2. In order to participate in LTI 2019, the participants must make own investments in Concentric shares in the stock market no later than 10 April 2019, with right for the board to, in respect of participants joining LTI 2019 thereafter, postpone the last day of acquisition to no later than 6 December 2019.
3. Within LTI 2019, investments in Concentric shares may be made by the CEO up to a value of 50 per cent of his annual base salary effective from 1 January 2019, by the former CFO up to a value of 30 per cent of his annual base salary effective from 1 January 2019 and by other participants up to a value of 20 per cent of their respective annual base salary effective from 1 January 2019. The maximum number of shares that each participant is entitled to acquire under the LTI 2019 shall be calculated using a share price of SEK 142.50, which equals to the average of each trading day's volume weighted average share price on Nasdaq Stockholm during the period from 14 February 2019 to 27 February 2019 (inclusive), rounded to the nearest ten öre.
4. Each Concentric share acquired under LTI 2019 will entitle the participants to two (2) free employee stock options, where each, after a three-year lock-up period, will entitle the participant to acquire one (1) Concentric share at a price of SEK 114.00 and SEK 171.00 respectively. This exercise price equals 80 and 120 per cent respectively of the average of each trading day's volume weighted average share price on Nasdaq Stockholm during the period from 14 February 2019 to 27 February 2019 (inclusive), rounded to the nearest ten öre.
5. Each Concentric share acquired under LTI 2019 will also entitle the participants to two (2) free performance employee stock options ("Performance Employee Stock Options"), where each, if certain performance criteria specified below are met, will entitle the participant to acquire one (1) Concentric share at a price of SEK 114.00. This exercise price equals 80 per cent of the average of each trading day's volume weighted average share price on Nasdaq Stockholm during the period 14 February 2019 to 27 February 2019 (inclusive), rounded to the nearest ten öre.
6. Each participant in LTI 2019 may receive no more than four (4) employee stock options and Performance Employee Stock Options in total for each acquired Concentric share. In all, a maximum of 172,000 employee stock options, each entitling to one (1) Concentric share, may be allocated under LTI 2019. Allocation of the employee stock options is to be decided by the board.
7. The employee stock options shall have a 39 months term (but never past 31 October 2022) and can be exercised to acquire Concentric shares during a three-month period from the date of publication of the company's report for the first quarter 2022.
8. Exercising the employee stock options is subject to the participant remaining employed in the Concentric group (with certain exceptions decided by the board) and retaining the Concentric shares acquired under LTI 2019 throughout the three-year lock-up period, thus up to and including the date of exercising the employee stock options.
9. The board shall be authorised to resolve on a premature exercise of the employee stock options (i) if a person, alone or together with related parties, acquires such number of shares in the company that it, in accordance with applicable rules, gives rise to an obligation to announce a mandatory offer to acquire all outstanding shares in the company or (ii) for individual participants based on individual circumstances, or (iii) if premature exercise is

otherwise deemed to be suitable or appropriate, taking into account performance achieved to the date of premature exercise.

10. The number of Concentric shares that may be transferred to participants in LTI 2019 may be recalculated due to a bonus issue, share split, rights issue and/or any similar event, by applying the recalculation principles applicable on the warrants proposed to the general meeting under the board's proposal on directed issue of warrants. In addition, the board may adjust the performance criteria due to circumstances affecting comparability of key figures, e.g. non-recurring events such as acquisitions, divestments and similar.
11. The board shall decide on the detailed terms and conditions of LTI 2019. The board shall be entitled to deviate from or adjust the terms and conditions as a result of local regulations and practice.

#### *Performance criteria*

The conditional right to exercise the Performance Employee Stock Options is subject to the fulfilment of the following performance criteria.

The first Performance Employee Stock Option will entitle the participant to acquire one (1) Concentric share per Performance Employee Stock Option if the company's reported earnings per share of the financial year 2021 reach or exceed SEK 12.

The second Performance Employee Stock Option will entitle the participant to acquire one (1) Concentric share per Performance Employee Stock Option if the company's reported return on equity reaches or exceeds 30 per cent per year on average over the financial years 2019, 2020 and 2021.

No partial exercising of Performance Employee Stock Options will be allowed if the performance criteria are not fully met.

#### *Authorisation to enter into a swap agreement*

The company's supply of shares to the participants under LTI 2019 may be made by instructing a third party to deliver Concentric shares under a swap agreement.

In accordance with this, the board proposes that the general meeting resolve to authorise the board to enter into a swap agreement regarding own shares. Thus, it is proposed that the financial exposure of LTI 2019 may be hedged by the company entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer Concentric shares to participants in LTI 2019.

#### *Costs*

The LTI 2019 is expected to result in annual costs of approximately MSEK 1.3 for the company if participants invest to their individual limits under the incentive programme and the performance criteria are met, and an annual 15 per cent share price growth is assumed. In addition to this, social security charges will apply in the year of vesting, 2022. Social security charges are expected to amount to approximately MSEK 0.6 annually based on the same assumptions.

#### *Preparation of the matter*

The board's proposal on LTI 2019 has been prepared by the board.

**Proposal for resolution on a directed issue of warrants and approval of transfer of warrants  
(item 15 on the agenda)**

The board proposes that the general meeting resolve on a directed issue of warrants with the right to subscribe for new shares in the company, mainly as set out below.

The board's proposal entails that the general meeting shall decide on a directed issue of 172,000 warrants with the right to subscription of new shares in the company, principally in accordance with the following conditions.

1. The warrants are issued free of charge. Each warrant will give the right to subscribe for one new share in the company, thus the share capital of the company can increase with a maximum of SEK 426,560 if the warrants are fully utilised.
2. The right to subscribe for warrants shall, with a deviation from the shareholders' preferential rights, be granted the company's fully owned subsidiary Concentric Skånes Fagerhult AB.
3. Subscription to the warrants shall be made no later than 31 August 2019, with the board reserving the right to extend this time limit.
4. The warrants can be exercised to subscribe for shares in the company from the registration of the warrants with the Swedish Companies Registration Office and up to and including 31 December 2022.
5. The warrants shall have an exercise price corresponding the share's quota value, SEK 2.48.
6. The new shares issued under the warrants shall entitle to dividend as from the first record date for dividend to occur after the registration of the new shares with the Swedish Companies Registration Office.
7. The number of shares issued under each warrant may be recalculated in accordance with recalculation principles due to a bonus issue, share split or consolidation, rights issue and/or any similar event.

*Reason for the deviation from the shareholders' preferential right*

The reason for deviating from the shareholders' preferential rights is that the company wishes to implement an incentive programme for senior executives and key employees within the group, by which they can be offered the opportunity to take part in an increase in the company's share value.

*Dilution*

At full utilisation of the warrants, the number of outstanding shares in the company will increase by 172,000. These shares constitute 0.4 per cent of the number of shares and votes after full dilution, calculated as the number of new shares in relation to the number of existing and new shares in the company. Together with outstanding warrants under previous incentive programmes, the warrants will result in a combined dilution of approximately 1.5 per cent of the outstanding shares and votes in the company.

If the proposed warrants had been fully utilised throughout 2018, the company's basic and diluted earnings per share for the financial year 2018 would have been SEK 10.26 and SEK 10.22 per share respectively on a pro forma basis, instead of SEK 10.30 and SEK 10.27 per share respectively as reported.

In the event that repurchased shares, or shares transferred by a third party under a swap agreement, (in accordance with the board's proposal for acquisition and transfer of own shares and the board's proposal of LTI 2019, respectively) are fully or partly transferred to the participants in LTI 2019 instead of warrants, the dilution will be reduced.

*Transfer of the warrants*

Furthermore, the board proposes that the general meeting resolve to approve that Concentric Skånes Fagerhult AB, on one or more occasions, may transfer warrants to the participants in LTI 2019 in accordance with the terms and conditions of LTI 2019, and dispose of the warrants in order to cover costs related to, or fulfil obligations occurring under, LTI 2019.

*Preparation of the matter*

The board's proposal has been prepared by the board.

*Special authorisation*

The board proposes that the board, or anyone appointed by the board, shall be entitled to make the minor adjustments to the above proposed resolution that may be necessary upon registration of the resolution with the Swedish Companies Registration Office or due to any other formal requirement.

The board proposes that a resolution under this proposal be subject to the general meeting having resolved to pass the board's proposal on LTI 2019 under item 14 on the agenda.

**Proposals for resolution on authorisation of acquisition and transfer of own shares, transfer of own shares to participants in LTI 2019 and transfer of own shares to an employee share ownership trust (items 16 (a)-(d) on the agenda)**

Proposal for resolution on authorisation for the board to resolve on acquisition of own shares (item 16 (a) on the agenda)

The board proposes that the general meeting authorises the board to resolve on repurchase of own shares on one or several occasions during the period up to the annual general meeting 2020 mainly as set out below.

1. Acquisition of own shares must be made on Nasdaq Stockholm.
2. Own shares may be acquired to the extent the company's holdings of own shares in total amounts to no more than one tenth of all shares in the company.
3. Acquisition of own shares on Nasdaq Stockholm shall be made in cash and at a price within the stock market price interval registered at any given time, such interval being the interval between the highest purchase price and the lowest sales price.

The reasons for the proposed authorisation to repurchase own shares are to be able to improve the company's capital structure and to enable share transfers in accordance with the board's proposals for authorisation for the board to transfer own shares and for previous and proposed resolution on transfer of own shares to participants in LTI 2016-2019, to increase the flexibility for the board in connection to potential future corporate acquisitions, as well as to cover costs for LTI 2016-2019 and enable delivery of shares in accordance with LTI 2016-2019. References made to LTI 2016-2019 includes the JSOP and Employee Share Ownership Trust.

Proposal for resolution on authorisation for the board to resolve on transfer of own shares (item 16 (b) on the agenda)

The board proposes that the general meeting authorises the board to resolve on transfer of own shares on one or several occasions during the period up to the annual general meeting 2020 mainly as set out below.

1. Transfer of own shares must be made either on Nasdaq Stockholm or in another manner.
2. Transfer of own shares may be made with deviation from the shareholders' preferential rights.
3. The maximum number of shares that may be transferred is the total number of own shares held by the company at the time of the board's resolution to transfer the shares.
4. Transfer of own shares on Nasdaq Stockholm shall be made at a price within the stock market price interval registered at any given time, such interval being the interval between the highest purchase price and the lowest sales price; transfer of own shares in another manner shall be made at a minimum price that shall be determined in close connection with the shares' quoted price at the time of the board's resolution to transfer the shares.
5. Payment for the transferred shares may be made in cash, by contribution in kind or by set-off.
6. The board is entitled to determine the other terms and conditions of the transfer which, however, shall be in accordance with the market practice.

The reasons for the proposed authorisation to transfer own shares and for the deviation from the shareholders' preferential rights are to be able to improve the company's capital structure, to cover costs relating to LTI 2016-2019 (including costs related to the JSOP) as well as to increase the flexibility of the board in connection to potential future corporate acquisitions, by facilitating a fast and cost-efficient financing by divesting holdings of own shares.

Proposal for resolution on transfer of own shares to participants in LTI 2019 (item 16 (c) on the agenda)

The board proposes that the general meeting resolve on transfer of own shares mainly as set out below.

1. The maximum number of shares that may be transferred is 172,000.
2. The participants in LTI 2019 are, with deviation from the shareholders' preferential rights, entitled to acquire the shares with a right for each of the participants to acquire no more than the maximum number of shares allowed under the terms and conditions for LTI 2019.
3. The participants' right to acquire shares is conditional upon the fulfilment of all of the conditions set up in LTI 2019.
4. The shares must be transferred within the time period set out in the terms and conditions of LTI 2019.
5. The shares must be transferred at a price equivalent to the price established under the terms and conditions of LTI 2019.

6. Payment for the shares must be made in cash and within ten banking days from the participants' exercise of the employee stock options that entitle the participants to acquire the shares.
7. The number of shares that may be transferred to the participants in LTI 2019 may be recalculated due to bonus issue, share split, rights issue and similar events in accordance with the terms and conditions of LTI 2019.

The reason for the proposed transfer and for the deviation from the shareholders' preferential rights is to enable delivery of shares under LTI 2019.

The board proposes that a resolution under this proposal be subject to the general meeting having resolved to pass the board's proposal on LTI 2019 under item 14 on the agenda.

[Proposal for resolution on transfer of own shares to an employee share ownership trust \(item 16 \(d\) on the agenda\)](#)

The board proposes that the general meeting resolve on transfer of own shares to an employee share ownership, mainly as set out below.

*The Joint Share Ownership Plan*

In order to enable a tax efficient delivery of shares under LTI 2019 to participants residency in the United Kingdom, Concentric wants to be able to invite them to take part in a Joint Share Ownership Plan ("JSOP"). Using the JSOP will not change any terms specified in LTI 2019, such that participants will receive the same pre-tax benefits for the same exercise proceeds subject to the same conditions regarding the lock-in period for holding savings shares, maintaining continuity of employment and achieving the relevant performance criteria in LTI 2019. In addition, the total annual costs for Concentric using the JSOP are expected to be in line with those specified in the board's proposal on LTI 2019 under item 14 on the agenda.

Participants that accept this invitation will, instead of receiving an Employee Stock Option or a Performance Employee Stock Option under LTI 2019, receive (i) a Capped Employee Stock Option and (ii) Joint Ownership Rights together with an Employee Share Ownership Trust<sup>1</sup> ("ESOT") in a Concentric share (for which they will pay in cash).

The Capped Employee Stock Option will provide the participant with the value of the Concentric share that would have been realised under LTI 2019 up until the cap. The cap will be determined at the time the Capped Employee Stock Option is issued to the participant based upon the value of the Concentric share at that time. The Joint Ownership Right will provide the participant with any benefits that would have been realised under LTI 2019 if the share price on exercise of the Capped Employee Stock Option exceeds the level of the cap. Participants that join the JSOP will automatically surrender their entitlement to regular Employee Stock Options and Performance Employee Stock Options provided under LTI 2019. Through both the Capped Employee Stock Option and the Joint Ownership Right, the participant is given the same opportunity to take part of the growth of value of the Concentric share had the participant not surrendered the rights to the options provided under LTI 2019.

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<sup>1</sup> The Employee Share Ownership Trust is a separate legal entity governed by independent trustees, who act within the guidelines as stipulated under the trust deed. These guidelines specify that any monies or shares received by the trust must be used solely for the provision of share schemes or other variable remuneration on behalf of Concentric.

To facilitate the JSOP, Concentric will transfer a number of own shares equal to the maximum number of share options which may be awarded to participants who elect to join the JSOP into the program. The shares will be transferred to a securities account controlled by the ESOT in which the shares will be jointly owned by the respective participant and the ESOT as specified within the terms of a joint ownership agreement.

If all the conditions for a participant to receive a Concentric share under a regular Employee Stock Option or Performance Employee Stock Option are met, then

- the participant will be eligible to exercise the respective Capped Employee Stock Option;
- the total funds paid by the participant to Concentric will be the same as the exercise price of the Employee Stock Option or Performance Employee Stock Option; and
- the ESOT will surrender its ownership rights in a jointly owned Concentric share and transfer the Concentric share to the participant as full and final settlement of their entitlement under LTI 2019.

If all conditions set out in LTI 2019 for the exercise of an Employee Stock Option or a Performance Employee Stock Option are not met, any participant in JSOP must surrender all his ownership rights in a corresponding jointly owned Concentric share to the ESOT and the participant may not exercise the Capped Employee Stock Option. Such shares will be retained in the ESOT and used for future share schemes or other variable remuneration purposes in Concentric.

The JSOP will result in Concentric incurring some up-front costs for setting up the necessary practical arrangements. However, the use of Capped Employee Stock Options will also cap social security contributions, such that the total annual costs are expected to be in line with those specified in the board's proposal on LTI 2019 under item 14 on the agenda. In summary, the JSOP gives the company an opportunity to offer LTI 2019 to participants resident in the United Kingdom in a more tax efficient solution than if the shares had been delivered to them through any other method, whilst ensuring that the conditions for the participants remain the same.

#### *Transfer of Own Shares*

In light of the foregoing, the board proposes that the general meeting resolve on transfer of own shares to the ESOT and the participants in accordance with the following.

1. The maximum number of shares that may be transferred to an ESOT and the participants is 120,200.
2. Each transferred share may, with deviation of the shareholders' preferential rights, be acquired by the ESOT jointly with one of the participants.
3. The part of a share acquired by the ESOT will be acquired free of charge and the part of a share acquired by a participant, the Joint Ownership Right, is acquired by the participant for a price equal to its market value. The value of this Joint Ownership Right will be established using a best estimate of the initial unrestricted market value, as defined under UK tax law, applying an expected return methodology.
4. The shares must be transferred to the ESOT and the participants before 31 December 2019.

5. The number of shares that may be transferred to the ESOT and the participants may be recalculated due to bonus issue, share split, rights issue and similar events in accordance with the terms and conditions of LTI 2019.

The reason for the proposed transfer and for the deviation from the shareholders' preferential rights is to enable a tax efficient delivery of shares under LTI 2019 to certain participants resident in the United Kingdom.

The board proposes that a resolution under this proposal is to be subject to the general meeting having resolved to pass the board's proposal on LTI 2019 under item 14 on the agenda.

**Resolution on adoption of instruction for the Nomination Committee (item 17 on the agenda)**

The Nomination Committee proposes that the general meeting resolve to adopt instructions for the Nomination Committee mainly as set out below.

The Nomination Committee shall have five members, consisting of the chairman of the board and one member of each of the four largest shareholders by votes, based on the shareholdings as of 31 August each year. The chairman of the board shall as soon as possible after the end of August enable the four largest shareholders to form the Nomination Committee. The names of these four members and the names of the shareholders whom they are appointed by, shall be announced no later than six months before an annual general meeting. If any of the four largest shareholder declines to participate in the Nomination Committee, the next largest shareholder is entitled to appoint a member of the Nomination Committee.

The members' term of office shall end when a new Nomination Committee has been appointed. Provided that the members of the Nomination Committee do not agree otherwise, the member representing the largest shareholder by votes shall be appointed chairman of the Nomination Committee.

Should a shareholder that has appointed a member of the Nomination Committee, during the term of office of the Nomination Committee, no longer be one of the four largest shareholders by votes, and the shareholder that has become one of the four largest shareholders requests to become a member of the Nomination Committee, the member that has been appointed by the shareholder no longer being one of the four largest shareholders shall resign from its assignment and the shareholder that at such time has become one of the four largest shareholders shall appoint its member for the Nomination Committee. However, the composition of the Nomination Committee shall not be changed should the change in ownership only be marginal or should the change in ownership occur later than two months prior to an annual general meeting. A shareholder that has appointed a member of the Nomination Committee shall during the term of office be entitled to replace such member by a new member of the Nomination Committee.

The Nomination Committee is to propose candidates for the post of chairman and other members of the board, fees and other remuneration to each member of the board and propose chairman of the annual general meeting. The Nomination Committee is also to present proposals on the election and remuneration of the statutory auditor.

No remuneration is to be paid to the members of the Nomination Committee. However, if required, the company shall bear the costs considered necessary by the Nomination Committee in order to fulfil its assignment.

This instruction for the Nomination Committee is proposed to remain in force until further notice.

## **MISCELLANEOUS**

### **Majority requirements**

Resolutions under items 13 (reduction of share capital with retirement of repurchased own shares and increase of the share capital through a bonus issue), 16 (a) (authorisation for the board to resolve on acquisition of own shares) and 16 (b) (authorisation for the board to resolve on transfer of own shares) will not be valid unless supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting.

Resolutions under items 15 (directed issue of warrants and approval of transfer of warrants), 16 (c) (transfer of own shares to participants in LTI 2019) and 16 (d) (transfer of own shares to an employee share ownership trust) will not be valid unless supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the meeting.

### **Documents**

Copies of the board's and the Nomination Committee's complete proposals including the board's and the auditor's statements, the accounts and the auditor's report regarding 2018 will be available at the company and on the company's website [www.concentricab.com](http://www.concentricab.com) no later than as from Thursday 14 March 2019 and will be sent, immediately and free of charge to the recipient, to those shareholders who so request and state their postal address. The documents will also be available at the general meeting.

### **Information at the general meeting**

If so requested by any shareholder and if the board deems it possible without significant detriment to the company, the board and managing director must provide information at the general meeting about circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation, the group accounts and the company's relation to other companies within the group. Shareholders who wish to submit questions in advance may send them to Lennart Lindell, Concentric AB, Strandgatan 2, 582 26 Linköping, Sweden.

### **Shares and votes**

As per the day of this notice, the number of shares and votes in the company totals 40,031,100 respectively of which the company holds 1,210,516 shares. In addition to this, 188,020 shares have been transferred to an Employee Share Ownership Trust.

### **Processing of personal data**

For information on how your personal data is processed, please see

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

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Stockholm in March 2019  
**Concentric AB (publ)**  
*The board of directors*