



ANNUAL GENERAL MEETING IN CONCENTRIC

The Concentric AB board of directors has resolved to convene an annual general meeting of shareholders to be held Thursday 23 April 2020. 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 15:00 CET on Thursday 23 April 2020, at Klara strand, S:ta Clara, Klarabergsviadukten 90, in Stockholm. Registration begins at 14:30 CET.

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 17 April 2020; 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, no later than Friday 17 April 2020.

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, 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 17 April 2020 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 2019
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 guidelines for salary and other remuneration
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 2020)
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 2020; and
 - d. transfer of own shares to an employee share ownership trust
17. Closing of the general meeting

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

The Nomination Committee proposes that 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 1,059,536,255 added with the net profit for the year of SEK 670,223,861. Thus, the general meeting has in total a non-restricted equity of SEK 1,729,760,116 at its disposal.

The board proposes a dividend for the financial year 2019 of SEK 4.50 per share, totalling SEK 169,950,299 (shares held by the company and shares held by the Employee Share Ownership Trust are excluded from dividend) and that the balance of SEK 1,559,809,817 is carried forward.

As record date for the dividend the board proposes Monday 27 April 2020. 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 Thursday 30 April 2020.

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 2019, Göran Espelund, Chair (Lannebo Fonder), Erik Durhan (Nordea Fonder), Marianne Nilsson (Swedbank Robur) and Per Trygg (SEB Fonder) and Kenth Eriksson, Chair of the Board of Concentric. were all appointed members of the Nomination Committee in October 2019, in preparation for the annual general meeting 2020. The Nomination Committee which represents about 31 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 Kenth Eriksson, Marianne Brismar, Karin Gunnarsson, Martin Lundstedt, Anders Nielsen, Susanna Schneeberger, Martin Sköld and Claes Magnus Åkesson. It is proposed that Kenth Eriksson be re-elected Chair of the Board.

More information about the proposed directors can be found on the company's website 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 2021. KPMG AB has notified the company that Joakim Thilstedt, 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 2021 is proposed to be paid as follows. The Chair of the Board will receive SEK 800,000 (previously SEK 700,000) and each of the other directors will receive SEK 350,000 (previously SEK 325,000). In addition, the Chair of the Compensation Committee will receive unchanged SEK 100,000 and director of the Compensation Committee will receive unchanged SEK 50,000. Further, the Nomination Committee proposes that the Chair of the Audit Committee will receive unchanged SEK 150,000 and directors of said committee will receive unchanged SEK 75,000. The above proposal means that the total remuneration to the Board (remuneration for committee work included) will increase from SEK 3,425,000 to SEK. 3,700,000.

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 outcome of the analysis justifies, according to the Nomination Committee, an increase of 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 guidelines for salary and other remuneration (item 12 on the agenda)

The Board proposes that the general meeting resolves on the following guidelines for salary and other remuneration to directors, the Chief Executive Officer (CEO) and other senior executives mainly as set out below.

The group of senior executives encompassed by these guidelines comprises the CEO and other members of the group executive management who report directly to the CEO and have strategic accountability for business unit operations and governance matters directed by the Board. These guidelines will be valid for agreements entered into after the general meeting's resolution and for changes made to existing agreements thereafter. These guidelines do not apply to any director fees decided or approved by the general meeting or such issues and transfers as are covered by Chapter 16 in the Swedish Companies Act.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, Concentric's business strategy is the following.

Concentric is one of the world's leading pump manufacturers and seek to deliver sustainable growth for every application in the markets the company serve. Concentric strive to improve fuel economy, reduce emissions and improve engine control through technical solutions and precision engineering.

Concentric create value for its customers through:

- developing world class technology with innovative solutions that meet the demands of customers/end markets;
- selling locally to global customers by capitalising on the global infrastructure and teams the company have; and
- embedding Business Excellence in all that the company do.

The people are Concentric's most valuable asset and the company aim to leverage and nurture the unique skills of the company's teams across the globe through a strong and inclusive corporate culture.

Concentric aim to deliver strong and sustainable shareholder returns and target growth both organically and through acquisitions which deliver complementary technologies.

For more information regarding the company's business strategy, please see <http://www.concentricinvestors.com/>.

It is of fundamental importance to the company and its shareholders that these guidelines, in both a short- and long-term perspective, enable the company to attract and retain senior executives and other employees with excellent competence. The purpose of these guidelines is to increase transparency in remuneration and to create incentives for senior executives, to execute strategic plans and deliver effective operational results to support the company's business strategy and long-term interests, including its sustainability. 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. These guidelines enable the company, regardless of geographical market, to offer the senior executives a competitive total compensation.

Remuneration and remuneration forms

The terms of employment for senior executives should consist of a balanced combination of fixed remuneration, annual bonus, pension and other benefits and terms for dismissal/severance payment. Furthermore, the Board may prepare and the general meeting resolve, on share and share-price related incentive programmes. Such a combination of compensation fosters and supports management and achievement of objectives in both a short and long-term

perspective.

The remuneration should be based on performance and be competitive.

The various types of remuneration that may be paid out are described below. As a share of the total compensation the following guidance shall apply:

Fixed remuneration	50%
Annual bonus	25%
Long-term incentive programme (LTI)	25%

The total compensation of the senior executives shall be evaluated against relevant (geographical and industry) market data to maintain fair and balanced terms which are at the same time competitive within the market.

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 total compensation. Bonus objectives shall primarily be based on the outcomes of financial objectives for the entire company as well as clearly defined individual objectives with respect to specific assignments. The latter is to ensure that the senior executive also focuses on non-financial objectives of specific interest. The financial and non-financial objectives shall be designed so as to contribute to the company's business strategy, long-term interests, including its sustainability.

The financial objectives for the company shall be established by the Board annually. On behalf of the Board, the Compensation Committee establishes the financial objectives for individual units proposed by the CEO. The Compensation Committee shall make its annual evaluation based on the latest financial information made public by the company.

The individual objectives for senior executives are set up to a maximum of 4 which account for between 15 and 30 per cent of the total annual bonus award. Individual objectives will focus on strategic targets related to people, revenue growth in all economies and accelerating technology.

The individual objectives for the CEO are directly aligned to strategic growth and development of the business and are agreed by the Compensation Committee. In turn, the individual objectives for the senior executives have the same focus and alignment to ensure flow-down through each business and function. The individual objectives are proposed by the senior executives in agreement with the CEO, with final approval from the Compensation Committee. At the end of the bonus period, each senior executive will provide an evidence-based assessment of their performance against individual objectives for agreement and approval by the CEO. The CEO's assessment of performance will be agreed and approved by the Compensation Committee.

The part of the total compensation consisting of the annual bonus varies depending on position and may be up to 50 per cent of the fixed remuneration at full objectives achievement. The bonus objectives 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.

The company does not have any potential deferral periods or according to agreements any possibility to reclaim variable remuneration.

Remuneration payable to directors

In certain cases, directors elected by the general meeting should be able to receive fees and other remuneration for work carried out on the company's behalf, alongside their Board work. Fees at market rates, to be approved by the Board, may be payable for such services.

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 contributions are based solely on fixed remuneration and the pension scheme(s) in operation will be appropriate to comply with governing local legislation. Senior executives in the UK are invited to participate in a defined contribution plan which sets 12 per cent employer contribution rate. Senior executives in the USA participate in a 401k pension scheme. The company ensures adherence to the scheme rules of each plan.

For employments governed by rules other than Swedish, pension benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

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.

For employments governed by rules other than Swedish, other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Special remuneration

Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and do not exceed 36 months, and may only be made on an individual basis, either for the purpose of recruiting or retaining executives, or to induce individuals to move to new places of service or accept new positions or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Further, the total compensation 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. Any resolution on such remuneration shall be made by the Board based on a proposal from the Compensation Committee.

Long-Term Incentive Programme

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

The Board has used 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, which support the company's business strategy, including its sustainability. 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.

The Board has several times proposed long-term performance-based incentive programmes under which senior executives and key employees have been entitled to receive employee stock options, that entitle the participants to acquire shares in the company. The structure of the scheme requires the employee to acquire shares in Concentric AB in order to participate in the scheme. Under the programmes, the employee stock options can, after three years and subject to certain conditions, be exercised to acquire Concentric shares. This will be possible during a three-month period from the date when the company's report for the first quarter after those three years is published.

The LTI scheme is subject to proposal and agreement within a clear governance structure which, in order, is the Compensation Committee, the Board and finally, the annual general meeting.

Terms for dismissal etc.

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, 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 remuneration.

Remuneration and employment conditions for other employees

In the preparation of the Board's proposal for these guidelines, remuneration and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the new remuneration report that will be prepared for the next annual general meeting.

The decision-making process to determine, review and implement the guidelines

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 shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Compensation Committee shall monitor and evaluate programmes for variable remuneration for the executive management, the application of the guidelines as well as the current remuneration structures and compensation levels in the company.

The members of the Compensation Committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. Conflicts of interest are counteracted in all decisions and any potential conflicts of interest are handled in accordance with the company's framework for governance, consisting out of a code of conduct, policies and guidelines.

Derogation from the guidelines

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Compensation Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration

The content of the guidelines has been reviewed and adapted to the legal requirements imposed by Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/ EC as regards encouragement of the long-term shareholder engagement.

Remunerations previously decided but not yet due

At the time of the annual general meeting on 23 April 2020, Concentric has no unsettled obligations of remuneration, except ongoing obligations to senior executives in accordance with the principles of remuneration described in the annual report.

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 2,297,720.
2. The reduction will be made with retirement of 926,500 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 2,297,720. The effect of the Board's proposal under B below means that the company's restricted equity and share capital will be increased by SEK 2,297,856 and thereby SEK 136 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 2,297,856 by a transfer of SEK 2,297,856 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 97,275,904 and there will be 38,297,600 registered shares, each with a quota value of SEK 2.54.

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 2020) (item 14 on the agenda)

General

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 2020") 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 2020 will be conditional upon the participants becoming shareholders in the company by own investments in the company's share in 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 2020 in a cost-efficient and flexible manner, the Board has considered various methods for transferring the company's shares under LTI 2020, such as a share swap agreement with a third party, repurchase and transfer of own shares to participants in LTI 2020 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 2020 will be made no earlier than 2023. 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 2020, or an Employee Share Ownership Trust), with the right for the Board to combine or choose any of the methods.

News in 2020

Concentric has implemented LTI programmes in main as described in this proposal on an annual basis since 2012. The LTI programme has enabled Concentric to offer a competitive total reward package necessary to attract and retain employees who are critical to Concentric's ongoing success.

In order to increase Concentric's capability to retain and recruit the best talents for key leadership positions, the Board proposes that the AGM 2020 extends membership of the LTI programme to a total of eleven additional participants, being senior managers in the Concentric group, as set out in the following proposal.

The proposal

The Board proposes that the general meeting resolve on the implementation of a long-term incentive programme, LTI 2020, principally based on the following conditions and principles.

1. LTI 2020 shall comprise up to five senior executives, including the CEO, and five other executives and other key employees (total of ten employees) and up to eleven senior managers within the Concentric group.
2. In order to participate in LTI 2020, the participants must make own investments in Concentric shares in the stock market no later than 31 May 2020, with right for the Board to, in respect of participants joining LTI 2020 thereafter, postpone the last day of acquisition to no later than 4 December 2020.
3. Within LTI 2020, investments in Concentric shares may be made (i) by the CEO up to a value of 50 per cent of his annual base salary, (ii) by the senior vice president (former CFO) up to a value of 30 per cent of his annual base salary, (iii) by eight other senior executives up to a value of 20 per cent of their respective annual base salary, and (iv) by a total of eleven senior managers up to a value of 10 per cent of their respective annual base salary. References to the annual base salary means the participant's base salary effective from 1 January 2020. The maximum number of shares that each participant is entitled to acquire under the LTI 2020 shall be calculated using a share price of SEK 157.80, which equals to the average of each trading day's volume weighted average share price on Nasdaq Stockholm during the period from 5 February 2020 to 18 February 2020 (inclusive), rounded to the nearest ten öre.
4. Each Concentric share acquired under LTI 2020 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 126.20 and SEK 189.40 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 5 February 2020 to 18 February 2020 (inclusive), rounded to the nearest ten öre.
5. Each Concentric share acquired under LTI 2020 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 126.20. 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 5 February 2020 to 18 February 2020 (inclusive), rounded to the nearest ten öre.
6. Each participant in LTI 2020 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 200,000 employee stock options, each entitling to one (1) Concentric share, may be allocated under LTI 2020. 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 2023) 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 2023.
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 2020 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 2020 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 2020. 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 2022 reach or exceed SEK 9.50.

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 earnings per share of the financial year 2022 reach or exceed SEK 12.00.

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 2020 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 2020 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 2020.

Costs

The LTI 2020 is expected to result in annual costs of approximately MSEK 1.9 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, 2023. Social security charges are expected to amount to approximately MSEK 0.7 annually based on the same assumptions.

Preparation of the matter

The Board's proposal on LTI 2020 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 200,000 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 508,000 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 30 June 2020, 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 2023.
5. A warrant entitles its holder to subscribe for one new share in the company for a subscription price corresponding to the share's quota value, SEK 2.54.
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 200,000. These shares constitute 0.5 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 1.4 per cent of the outstanding shares and votes in the company.

If the proposed warrants had been fully utilised throughout 2019, the company's basic and diluted earnings per share for the financial year 2019 would have been SEK 8.33 and SEK 8.22 per share respectively on a pro forma basis, instead of SEK 8.37 and SEK 8.27 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 2020, respectively) are fully or partly transferred to the participants in LTI 2020 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 2020 in accordance with the terms and conditions of LTI 2020, and dispose of the warrants in order to cover costs related to, or fulfil obligations occurring under, LTI 2020.

Preparation of the matter

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

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 2020 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 2020 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 2021 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 2017–2020, to increase the flexibility for the Board in connection to potential future corporate acquisitions, as well as to cover costs for LTI 2017–2020 and enable delivery of shares in accordance with LTI 2017–2020. References made to LTI 2017–2020 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 2021 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 2017–2020 (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 2020 (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 200,000.
2. The participants in LTI 2020 are, with deviation from the shareholders' preferential rights, entitled to acquire the shares with right for each of the participants to acquire no more than the maximum number of shares allowed under the terms and conditions for LTI 2020.
3. The participants' right to acquire shares is conditional upon the fulfilment of all of the conditions set up in LTI 2020.
4. The shares must be transferred within the time period set out in the terms and conditions of LTI 2020.
5. The shares must be transferred at a price equivalent to the price established under the terms and conditions of LTI 2020.
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 2020 may be recalculated due to bonus issue, share split, rights issue and similar events in accordance with the terms and conditions of LTI 2020.

The reason for the proposed transfer and for the deviation from the shareholders' preferential rights is to enable delivery of shares under LTI 2020.

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 2020 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 trust, mainly as set out below.

The Joint Share Ownership Plan

In order to enable a tax efficient delivery of shares under LTI 2020 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 2020, 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 2020. 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 2020 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 2020, receive (i) a Capped Employee Stock Option and (ii) Joint Ownership Rights together with an Employee Share Ownership Trust ("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 2020 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 2020 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 2020. 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 2020.

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 2020.

If all conditions set out in LTI 2020 for the exercise of an Employee Stock Option or a Performance Employee Stock Option is 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 2020 under item 14 on the agenda. In summary, the JSOP gives the company an opportunity to offer LTI 2020 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 138,600.
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 2020.
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 2020.

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 2020 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 2020 under item 14 on the agenda.

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 2020) 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 2019 will be available at the company and on the company's website www.concentricab.com no later than as from Thursday 2 April 2020 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 39,224,100 respectively of which the company holds 1,156,667 shares. In addition to this, 300,700 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

Concentric AB (publ)

The Board of Directors

For further information, please contact Lennart Lindell, +46 (0)766 104 004

Concentric AB is an innovator in flow control and fluid power, supplying proprietary systems and components to the world's truck, agricultural machinery, construction equipment and industrial applications end-markets. The company has a global manufacturing presence including in the UK, USA, Germany, Sweden, India, China and Argentina. Concentric's focus is to develop world class technology with innovative solutions that meet the sustainability needs of our customers. Concentric offers engine products including lubricant, coolant and fuel pumps, hydraulic products encompassing gear pumps and power packs, and finally several key technologies for the fast growing market for electrical and hybrid powertrains. The Group has a turnover of circa MSEK 2,000 and circa 800 employees.