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THE BOARD'S PROPOSAL FOR RESOLUTION ON PERFORMANCE BASED INCENTIVE PROGRAMME (LTI 2020)

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 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.

Information on other current incentive programmes may be found in the attached [Appendix](#).

Preparation of the matter

The Board's proposal on LTI 2020 has been prepared by the Board.

Voting majority

The general meeting's resolution on this proposal is valid only if it is supported by shareholders representing more than half of the votes cast.

Concentric AB (publ)
The Board of Directors

Concentric AB Annual General Meeting 2017-2019 have decided upon three long-term performance based incentive programmes, under which senior executives and key employees participating in the schemes are entitled to receive employee stock options that entitle them to acquire Concentric shares. The fair value of the options has been calculated according to the Black & Scholes-method.

In order to ensure and maximise the management's engagement in the company, allocation of employee stock options was conditioned upon the participants becoming shareholders in the company by their own investments of Concentric shares in the stock market.

Delivery of shares under the LTI programmes is conditional upon continuity of employment and holdings of these savings shares throughout the respective three year lock up period. All incentive programmes are equity-settled. Key data and parameters are included in the tables below.

| Employee stock options | LTI 2019 | LTI 2018 | LTI 2017 |
|----------------------------|----------------|----------------|----------------|
| President and CEO | 70,760 | 61,480 | 68,800 |
| Other senior executives | 57,544 | 38,860 | 34,000 |
| Total stock options | 128,304 | 100,340 | 102,800 |

| | | | |
|---|------------------------------|------------------------------|--|
| Employee stock options | 64,152 | 50,170 | 51,400 |
| Performance stock option 1 | 32,076 | 25,085 | 25,700 |
| Performance stock option 2 | 32,076 | 25,085 | 25,700 |
| Total stock options (=Number of shares) | 128,304 | 100,340 | 102,800 |
| Criteria for performance stock option 1 | 2021 EPS ≥ SEK 12.00 | 2020 EPS ≥ SEK 10.00 | 2019 EPS ≥ SEK 8.00 ¹⁾ |
| Criteria for performance stock option 2 | 2019-21 Average ROE ≥ 30% | 2018-20 Average ROE ≥ 25% | 2017-19 Average ROE ≥ 25% ¹⁾ |
| Number of senior executives | 7 | 5 | 4 |
| Conditioned by own investments of shares | 32,076 | 25,085 | 25,700 |

| Changes in number of stock options | 2019 | 2018 | 2017 |
|-------------------------------------|----------------|----------------|----------------|
| Opening balance, 1 January | 390,380 | 421,732 | 412,692 |
| Granted | 128,304 | 104,740 | 124,040 |
| Options exercised | -169,400 | -123,600 | -101,200 |
| Lapsed LTI 2014 | - | - | -720 |
| Lapsed LTI 2016 | - | -4,692 | -13,080 |
| Lapsed LTI 2017 | -17,840 | -3,400 | - |
| Lapsed LTI 2018 | - | -4,400 | - |
| Closing balance, 31 December | 331,444 | 390,380 | 421,732 |

| Key parameters | LTI 2019 | LTI 2018 | LTI 2017 |
|---|----------|----------|----------|
| Average exercise price, SEK | 128.25 | 131.30 | 110.80 |
| Average price per option, SEK | 23.13 | 24.60 | 29.28 |
| Risk free interest rate, % | 0.00 | 0.00 | 0.00 |
| Expected volatility, % ²⁾ | 26.00 | 28.00 | 29.00 |
| Assumed dividend during 3 year period, SEK | 14.32 | 11.25 | 11.35 |
| Average share price at grant date, SEK | 142.50 | 142.40 | 123.10 |
| Lock up duration of scheme, years | 3 | 3 | 3 |
| Personnel cost recognised in year 2019, MSEK | 1.1 | 1.6 | 2.2 |
| Annual cost of scheme, MSEK | 1.9 | 1.6 | 2.2 |
| Total cost of scheme over 3 year vesting period, MSEK | 5.8 | 4.9 | 6.6 |

Footnote:

- 1) All criteria for the performance stock options were successfully achieved.
- 2) The volatility applied in the valuation has been estimated based on the weighted average of the 100-day historical volatility for the shares traded on NASDAQ OMX Stockholm.