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THE BOARD'S PROPOSAL FOR RESOLUTION ON PERFORMANCE BASED INCENTIVE PROGRAMME (LTI 2018)

The board of directors 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 2018") under which senior executives and key employees will be entitled to receive employee stock options that entitles 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 2018 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 2018 in a cost-efficient and flexible manner, the board of directors has considered various methods for transferring the company's shares under LTI 2018, such as a share swap agreement with a third party, repurchase and transfer of own shares to participants in LTI 2018 or an Employee Share Ownership Trust as well as transfer of warrants entitling to subscription of new shares. The board of directors has also taken into consideration that delivery of shares under LTI 2018 will be made no earlier than 2021. 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 2018, 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 resolves on the implementation of a long-term incentive programme, LTI 2018, principally based on the following conditions and principles.

1. LTI 2018 shall comprise up nine senior executives, including the CEO, and other key employees within the Concentric group.
2. In order to participate in LTI 2018, the participants must make own investments in Concentric shares in the stock market no later than 31 May 2018, with right for the board to, in respect of participants joining LTI 2018 thereafter, postpone the last day of acquisition to no later than 6 December 2018.
3. Within LTI 2018, 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 2018, by the former CFO up to a value of 30 per cent of his annual base salary effective from 1 January 2018 and by other participants up to a value of 20 per cent of their respective annual base salary effective from 1 January 2018. The maximum number of shares that each participant is entitled to acquire under the LTI 2018 shall be calculated using a share price of SEK 145.90, which equals to the average of each trading day's volume weighted average share price on Nasdaq Stockholm during the period from 7 March 2018 to 20 March 2018 (inclusive), rounded to the nearest ten öre.

4. Each Concentric share acquired under LTI 2018 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 116.70 and SEK 175.10 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 7 March 2018 to 20 March 2018 (inclusive), rounded to the nearest ten öre.
5. Each Concentric share acquired under LTI 2018 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 116.70. 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 7 March 2018 to 20 March 2018 (inclusive), rounded to the nearest ten öre.
6. Each participant 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 140,000 employee stock options, each entitling to one (1) Concentric share, may be allocated under LTI 2018. 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 2021) 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 2021.
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 2018 throughout the three year lock-up period, thus up to and including the date of exercising the employee stock options.
9. The board of directors 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 2018 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.
11. The board of directors shall decide on the detailed terms and conditions of LTI 2018. 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 2020 reach or exceed SEK 10.00.

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 25 per cent per year in average over the financial years 2018, 2019 and 2020.

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 2018 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 resolves to authorise the board to enter into a swap agreement regarding own shares. Thus, it is proposed that the financial exposure of LTI 2018 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 2018.

Costs

The LTI 2018 is expected to result in annual costs of approximately MSEK 1.1 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, 2021. Social security charges are expected to amount to approximately MSEK 0.5 annually based on the same assumptions.

Information on other incentive plans in the company can be found in the attached Appendix.

Preparation of the matter

The board's proposal on LTI 2018 has been prepared by the board of directors.

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.

Stockholm in March 2018
Concentric AB (publ)
The board of directors

Appendix

Concentric AB Annual General Meeting 2014-2017 have decided upon four 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 Concentric, allocation of employee stock options was conditioned upon the participants becoming shareholders in Concentric 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 2017	LTI 2016	LTI 2015	LTI 2014
President and CEO	68,800	102,240	85,360	78,400
Other senior executives	55,240	84,932	38,240	23,520
Total stock options	124,040	187,172	123,600	101,920

Employee stock options	62,020	93,586	61,800	50,960
Performance stock option 1	31,010	46,793	30,900	25,480
Performance stock option 2	31,010	46,793	30,900	25,480
Total stock options (=Number of shares)	124,040	187,172	123,600	101,920
Criteria for performance stock option 1	2019 EPS ≥ SEK 8.00	2018 EPS ≥ SEK 10.00	2017 EPS ≥ SEK 7.50 ¹⁾	2016 EPS ≥ SEK 6.00 ¹⁾
Criteria for performance stock option 2	2017-19 Average ROE ≥ 25%	2016-18 Average ROE ≥ 25%	2015-17 Average ROE ≥ 25% ¹⁾	2014-16 Average ROE ≥ 20% ¹⁾
Number of senior executives	6	6	3	5
Conditioned by own investments of shares	31,010	46,793	30,900	25,480

Changes in number of stock options	2017	2016	2015	2014
Opening balance, 1 January	412,692	340,880	403,320	286,880
Granted	124,040	187,172	123,600	115,920
Granted LTI 2013 in 2014	-	-	-	20,520
Options exercised	-101,200	-115,360	-157,760	-
Lapsed LTI 2012 in 2014	-	-	-	-20,000
Lapsed LTI 2013 in 2015	-	-	-14,280	-
Lapsed LTI 2014 in 2015	-	-	-14,000	-
Lapsed LTI 2014 in 2017	-720	-	-14,000	-
Lapsed LTI 2016 in 2017	-13,080	-	-14,000	-
Closing balance, 31 December	421,732	412,692	340,880	403,320

Key parameters	2017	2016	2015	2014
Average exercise price, SEK	110.80	79.75	96.55	80.10
Average price per option, SEK	29.28	25.73	24.88	23.78
Risk free interest rate, %	0.00	0.00	0.00	0.98
Expected volatility, % ²⁾	29.00	30.00	28.00	28.00
Assumed dividend during 3 year period, SEK	11.35	10.14	10.92	9.57
Average share price at grant date, SEK	123.10	103.50	115.50	99.25
Lock up duration of scheme, years	3	3	3	3
Personnel cost recognised in year 2017, MSEK	1.5	2.0	2.1	0.4
Annual cost of scheme, MSEK	2.2	2.0	2.1	1.3

Total cost of scheme over 3 year vesting period, MSEK	6.6	6.0	6.4	3.9
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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.