

Unofficial English translation for information purposes only. If there are differences between the English translation and the Swedish original, the Swedish text will take precedence.

THE BOARD'S PROPOSAL FOR RESOLUTION ON A DIRECTED ISSUE OF WARRANTS AND APPROVAL OF TRANSFER OF WARRANTS

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, in accordance with the below proposal.

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.¹
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 2.48.¹
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.

The complete terms for and provisions on re-calculation of the warrants may be found in Swedish in [Appendix 1](#).

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.

¹ Information about the number of shares, increase of share capital, quota value etc. in this proposal is based on the numbers after the reduction of share capital with retirement of shares and increase of share capital through a bonus issue, proposed as item 13 on the agenda. Should the general meeting not resolve upon item 13 there would instead be 40,031,100 registered shares, each with a quota value of SEK 2.43 (share capital of SEK 97,275,573), prior to a resolution in accordance with this item. This proposal would then result in a maximum share capital increase of SEK 417,960 and the exercise price would be SEK 2.43. The full dilution would still be 0.4 per cent of the number of shares and votes.

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.

Information on other current incentive programmes may be found in [Appendix 2](#).

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.

Voting majority and condition for resolution

The general meeting's resolution under this proposal is valid only if it is supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the general meeting.

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.

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

Appendix 2

Concentric AB Annual General Meeting 2015-2018 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 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 2018	LTI 2017	LTI 2016	LTI 2015
President and CEO	61,480	68,800	102,240	85,360
Other senior executives	38,860	51,840	67,160	38,240
Total stock options	100,340	120,640	169,400	123,600

Employee stock options	50,170	60,320	84,700	61,800
Performance stock option 1	25,085	30,160	42,350	30,900
Performance stock option 2	25,085	30,160	42,350	30,900
Total stock options (=Number of shares)	100,340	120,640	169,400	123,600
Criteria for performance stock option 1	2020 EPS ≥ SEK 10.00	2019 EPS ≥ SEK 8.00	2018 EPS ≥ SEK 10.00 ¹⁾	2017 EPS ≥ SEK 7.50 ¹⁾
Criteria for performance stock option 2	2018-20 Average ROE ≥ 25%	2017-19 Average ROE ≥ 25%	2016-18 Average ROE ≥ 25% ¹⁾	2015-17 Average ROE ≥ 25% ¹⁾
Number of senior executives	6	5	4	3
Conditioned by own investments of shares	25,085	31,010	46,793	30,900

Changes in number of stock options	2018	2017	2016	2015
Opening balance, 1 January	421,732	412,692	340,880	403,320
Granted	104,740	124,040	187,172	123,600
Options exercised	-123,600	-101,200	-115,360	-157,760
Lapsed LTI 2013	-	-	-	-14,280
Lapsed LTI 2014	-	-720	-	-14,000
Lapsed LTI 2016	-4,692	-13,080	-	-
Lapsed LTI 2017	-3,400	-	-	-
Lapsed LTI 2018	-4,400	-	-	-
Closing balance, 31 December	390,380	421,732	412,692	340,880

Key parameters	2018	2017	2016	2015
Average exercise price, SEK	131.30	110.80	79.75	96.55
Average price per option, SEK	24.60	29.28	25.73	24.88
Risk free interest rate, %	0.00	0.00	0.00	0.00
Expected volatility, % ²⁾	28.00	29.00	30.00	28.00
Assumed dividend during 3 year period, SEK	11.25	11.35	10.14	10.92
Average share price at grant date, SEK	142.40	123.10	103.50	115.50
Lock up duration of scheme, years	3	3	3	3
Personnel cost recognised in year 2018,	1.0	2.2	2.0	0.9

MSEK				
Annual cost of scheme, MSEK	1.6	2.2	2.0	2.1
Total cost of scheme over 3 year vesting period, MSEK	4.9	6.6	6.0	6.4

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.