

## **Proposal of the Board of Directors of Bergman & Beving AB (publ) for resolution by the Annual General Meeting on 26 August 2019 on the issuance of call options on repurchased shares and the transfer of repurchased shares to executives (“2019 share-based incentive programme”).**

The Board of Directors proposes that the Annual General Meeting resolves to adopt a long-term incentive programme, 2019 share-based incentive programme (the “Programme”). The Programme, which is proposed to include a total of 24 executives in the Bergman & Beving Group, means participants are offered an opportunity to acquire call options at market price for Bergman & Beving AB’s (publ) (the “Company”) repurchased Class B shares in the Company and that participants will, after a two-year period, receive a certain subsidy on the paid premium for the options.

The Board of Director’s proposal also entails the Annual General Meeting approving that the Company, in deviation from the shareholders’ preferential rights, transfers up to 270,000 of the Company’s repurchased Class B shares to option holders at the established redemption price in connection with any exercise of call options (subject to any recalculations). Finally, the proposal of the Board of Directors means the Annual General Meeting approves that Class B shares acquired by the Company in line with earlier authorisation can also be transferred to guarantee the supply of shares in accordance with the proposed Programme.

The Company currently holds a total of 426,706 repurchased Class B shares in the Company.

The proposal was prepared by the Company’s Compensation Committee in consultation with the Company’s Board of Directors. The decision to propose the Programme to the Annual General Meeting was taken by the Board of Directors. The Company’s directors are not covered by the Programme.

The Programme has the following key conditions:

- a) The number of call options issued should not exceed 270,000, corresponding to approximately 1 percent of the total number of shares and approximately 0.7 percent of the total number of votes in the Company (including Class B shares owned by the Company). Each call option entitles its holder to acquire one (1) repurchased Class B share in the Company during the period starting 12 September 2022 until 9 June 2023. However, the acquisition of shares may not take place during such a period when trading in shares in the Company is prohibited pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse (Market Abuse Regulation) (or other at any given time equivalent legislation).
  - b) The acquisition price of shares when exercising call options is to correspond to 120 percent of the volume-weighted average price for the Company’s Class B shares on the Nasdaq Stockholm exchange during the period from 27 August 2019 through 9 September 2019. This redemption price may be recalculated during the maturity of the call option program under certain conditions.
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- c) The right to acquire call options shall apply to Group management and another 22 executives of the Bergman & Beving Group with the direct possibility to influence the Group's earnings. The President & CEO will be offered a maximum of 37,000 call options, four individuals will be offered a maximum of 25,000 call options and the others a maximum of 7,000 call options.
  - d) If an individual entitled to receive an allotment refrains, in whole or in part, from acquiring the offered call options then such unacquired call options will be distributed pro rata between the individuals entitled to receive call options who have presented a written application stating that they are interested in acquiring additional call options.
  - e) The Board of Directors is to decide on the final distribution in accordance with the principles presented in items c) and d) above.
  - f) A notification to acquire call options must be made not later than 10 September 2019.
  - g) The premium for call options shall correspond to the market value of the call options using an external independent assessment in accordance with the Black & Scholes model. The measurement period for the assessment of the option premium is to be based on the volume-weighted average price for the Company's Class B shares on the Nasdaq Stockholm exchange during the period from 27 August 2019 through 9 September 2019. The assessment will be conducted by Nordea Bank AB (publ).
  - h) Based on a price for the Company's share of SEK 100, and on other market conditions existing on 10 July 2019 and the Board of Director's proposal for a dividend for the 2018/2019 operating year, the value per option has been calculated by the rating institute referred to above at SEK 6.90, which gives a total value for all options of approximately MSEK 2.
  - i) Issuing call options to employees outside of Sweden is dependent on tax effects, that there are no legal obstacles and that the Board of Directors considers such an issue can take place with reasonable administrative and economic resources. The Board of Directors shall have the right to make minor adjustments to the Programme brought about by applicable foreign laws and rules.
  - j) Call options are freely transferable taking into account pre-emption agreement with the company. Pre-emption of call options shall be at market value. The company is entitled to repurchase issued call options.
  - k) The number of shares that the call options entitle holders to acquire, and the redemption price, may be recalculated due to stock dividends, the consolidation or split of shares, new share issues or a reduction in share capital or similar measures. The time for the transfer of shares may be brought forward due to a merger or similar measures.
  - l) To encourage participation in the Programme, a subsidy in the form of a cash gross salary will be made to the holder of the option corresponding to the paid premium for each call option. The subsidy will be paid in September 2021 provided the holder of
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the option has not been terminated from the Group or that the call options acquired from the Company were not divested before this date.

- m) The company has a right to repurchase the call options from the holder if the option holder does not wish to use all acquired call options and report this to the Company during the Redemption Period. Acquisition of options shall be at a price that at any given time corresponds to the highest market value. Repurchases of call options cannot, however, take place during such period as trading in shares in the Company is prohibited by Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse (Market Abuse Regulation) (or any other applicable legislation in force).
- n) Within the framework of the conditions and guidelines stated above, the Board of Directors is responsible for preparing and managing the details of the Programme.
- o) The complete terms and conditions for the options are presented in an appendix on the Company's website at [www.bergmanbeving.com](http://www.bergmanbeving.com).

The costs of the Programme mainly comprise the subsidy to be paid in September 2021 as above, and the social security fees that will accrue on this subsidy as well as administrative costs for recruiting external consultants and providers of administrative services in connection with the design of the call option programme. The total cost of the subsidy, including social security fees, is estimated at approximately MSEK 2 after corporate tax (based on the market conditions on 10 July 2019). Offsetting the subsidy is the option premium totalling approximately MSEK 2, which the Company will receive when transferring the call options, which is why the Programme does not entail any net cost to the Company's equity.

The grounds for deviating from the shareholders' preferential rights and the Board of Director's motives for implementing the Programme are that executives of the Bergman & Beving Group through their own investment can participate and strive for a positive value performance for the Company's shares and thereby achieve a greater community of interest between these executives and the Company's shareholders. The purpose of the Programme is also to contribute to a long-term increase in share ownership by executives in Bergman & Beving. In addition, the Programme is expected to create the conditions to retain and recruit qualified personnel to the Bergman & Beving Group, provide competitive remuneration and unite the interests of shareholders and executives. The executives included in the Programme are a group that, in an otherwise decentralised organisation, have the opportunity to create a positive impact on earnings through cooperation and efficiency enhancements. Against this background, the Board of Directors considers the implementation of the Programme has a positive impact on the continued development of the Bergman & Beving Group and that the Programme benefits both shareholders and the Company.

The Company already has two share-based incentive programme, "2017 Share-based incentive programme" and "2018 share-based incentive programme". As part of the 2017 programme, 10 executives acquired a total of 160,000 call options, which entitle holders to acquire an equal number of Class B shares in the Company. The redemption price for these call options is set at SEK 118.10 per share and the redemption period for the period from 14 September 2020 until 11 June 2021. When these 160,000 call options are exercised, the number of outstanding Class B shares will increase by 160,000 shares. These 160,000

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shares correspond in full to previously repurchased Class B shares in the Company. As part of the 2018 programme, 16 executives acquired a total of 210,000 call options, which entitle holders to acquire an equal number of Class B shares in the Company. The redemption price for these call options is set at SEK 117.90 per share and the redemption period for the period from 13 September 2021 until 10 June 2022. When these 210,000 call options are exercised, the number of outstanding Class B shares will increase by 210,000 shares. These 210,000 shares correspond in full to previously repurchased Class B shares in the Company.

The resolution at the general meeting of shareholders as proposed by the Board of Directors above, is only valid if it is supported by shareholders representing at least nine-tenths of the votes cast and the shares represented at the meeting.

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