

## The board of directors' proposal on

- a. implementation of a performance based share saving scheme
  - b. authorisation for the board of directors to purchase and sell treasury shares within the scope of Nobina's share saving schemes
  - c. transfer of treasury shares to participants in Nobina's share saving schemes
  - d. equity swap agreement with third party.
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### Background and rationale

Nobina AB (publ) (“**Nobina**” or the “**Company**“) carries out business in a competitive industry and its continued growth and profitability is (among other things) dependent on Nobina's ability to retain and recruit key employees. Ahead of the annual general meeting 2017, the board of directors of Nobina explored the possibilities to implement a long-term incentive scheme to further incentivise Nobina's key employees, which in turn was deemed to enhance Nobina's ability to retain and recruit key personnel. The board of directors considered it to be of importance that such long-term incentive scheme aligned the interests of the key employees with the interests of Nobina's shareholders. Accordingly, the board of directors concluded that a long-term incentive scheme of Nobina should promote a shareholding in the Company as well as an increase thereof. The board of directors stated that its intention was to propose similar long-term incentive schemes for the annual general meetings 2018 and 2019. The board of directors has now evaluated the long-term incentive schemes that were resolved upon at the annual general meetings in 2017–2019, respectively, and believes that the programmes have encouraged shareholdings in the Company and increased shareholdings among Nobina's key employees. In light of the foregoing, the board of directors proposes that the Meeting once again shall implement a performance based share saving scheme (the “**Share Saving Scheme**”).

The board of directors also proposes that the board of directors shall be authorised to purchase not more than 1,139,885 treasury shares for the purposes of facilitating the implementation of the Share Saving Scheme, as well as to sell such treasury shares on Nasdaq Stockholm to cover costs for social security charges that may arise in connection with the previously adopted schemes.

The board of directors finally proposes that Nobina shall transfer not more than 912,638 treasury shares to the participants in the Share Saving Scheme (the “**Participants**”).

### **a. implementation of a performance based share saving scheme**

The board of directors proposes that the annual general meeting in Nobina resolves on the implementation of the Share Saving Scheme on the following main terms and conditions:

1. The Share Saving Scheme shall comprise not more than 912,638 shares in Nobina.
2. Up to 60 senior executives and other key employees of the Nobina group will be offered to become a Participant. The Participants will be divided into three categories as set out below.
3. Participation in the Share Saving Scheme requires that a Participant purchases shares in Nobina (and/or uses shares already held by him/her) up to an amount corresponding to approximately 17% of such Participant's annual fixed salary for 2020/2021 (the "**Saving Shares**"). The purchase of Saving Shares shall be made on Nasdaq Stockholm and must have been effectuated not later than 31 August 2020. The board of directors shall have the right to extend such date if a Participant is not permitted to purchase shares during this period or if the board of directors deem it reasonable on a case-by-case basis.
4. Subject to (a) the Participant not divesting its Saving Shares during the period commencing on 30 June 2020 and ending on 29 June 2023 (the "**Retention Period**"); (b) the Participant's continued employment in a position within the Nobina group that corresponds to or is higher than his/her current position during the Retention Period (the board of directors shall be authorised to waive this condition under extraordinary circumstances, for example, if the Participant's employment is terminated as a result of long-term illness); and (c) subject to the performance criteria set out in section 5 below are satisfied, each Saving Share will entitle the Participant to an additional one to seven shares in Nobina ("**Performance Shares**"), in each case free of charge.
5. The Performance Shares are subject to the following two different performance criteria during the Retention Period, of which each performance criteria can result in a maximum allocation of 50% of the total number of Performance Shares:
  - (a) The **first** performance criteria is based on the total shareholder return in Nobina (that is, the sum of the price change and reinvested dividends for the share during the performance period) during the Retention Period compared to the Nasdaq Stockholm OMX Nordic Mid Cap Index (with dividends reinvested, the "**Index**"). If the total shareholder return in Nobina during the Retention Period is:

- i. lower than the Index, the Participants will not be entitled to any Performance Shares;
  - ii. in line with the Index, 12.5% of the maximum number of Performance Shares will be allocated to the Participants;
  - iii. higher than the Index plus 17%, 50% of the maximum number of Performance Shares will be allocated to the Participants; and
  - iv. higher than the Index but below the Index plus 17%, the allocation of Performance Shares to the Participants will be linear in relation to the allocations set out in (ii) and (iii) above.
- (b) The **second** performance criteria is based on total shareholder return in Nobina during the Retention Period compared to a performance target set by the board of directors in relation to Nobina's business plan and internal cost of capital. If the total shareholder return in Nobina during the Retention Period is:
  - i. lower than 16.5%, the Participants will not be entitled to any Performance Shares;
  - ii. 16.5%, the Participants will be allocated 12.5% of the maximum number of Performance Shares;
  - iii. 33% or higher, the Participants will be allocated 50% of the maximum number of Performance Shares; and
  - iv. higher than above 16.5% but below 33%, the allocation of Performance Shares will be linear in relation to allocation in accordance with (ii) and (iii) above.
6. Before the number of Performance Shares to be allocated is finally determined, the board of directors shall evaluate if such allocation is reasonable, taking into consideration the results and financial position of Nobina, the conditions of the stock market and other circumstances. If the board of directors concludes that such allocation is not reasonable, the board of directors shall decrease the number of Performance Shares to be allocated as it deems reasonable.
7. The maximum number of Performance Shares that a Participant will be entitled to receive for each Saving Share depends on which category such Participant belongs to:

<b>Category</b>	<b># of individuals</b>	<b># of Performance Shares</b>
President of Nobina	1	7
Other members of the group management of Nobina	8	5
Other key employees of Nobina	51	3
<b>TOTAL</b>	<b>60</b>	

8. In the event of Participants deciding not to participate or only to participate partially in the Share Saving Scheme there will be unallocated Saving Shares remaining. In such case, other Participants are to be given the possibility to apply to purchase additional Saving Shares so that such Participant's total number of Saving Shares amounts to a maximum of approximately 25% of such Participant's annual fixed salary for 2020/2021, provided however that any increase of the Participants' total number of Saving Shares shall not result in a higher total number of shares in, or higher costs for, the Share Saving Scheme. The final allocation of such unallocated Saving Shares shall be made by the board of directors.
9. Subject to the above conditions, the Performance Shares will be transferred to the Participants not later than 60 days after expiry of the Retention Period. The board of directors shall be entitled to postpone such date if the Participant is not permitted to acquire shares during this period.
10. The number of Performance Shares (if any) may be recalculated in the event of a share split, reversed share split or similar events having an impact on the number of shares in Nobina.
11. A Participant's participation in the Share Saving Scheme requires that it is legally possible and appropriate in the jurisdiction in which such Participant is resident and that such participation, at Nobina's sole discretion, is deemed possible with reasonable administrative and financial costs.
12. The board of directors shall be responsible for the details and management of the Share Saving Scheme within the framework of this proposal.
13. The board of directors is authorised to make such minor adjustments to this proposal, or to deviate therefrom, as may be required under applicable law, regulation, market practice or otherwise.

### **Costs for Share Saving Scheme**

The costs for the Share Saving Scheme are based on the IFRS 2 reporting standards and will be amortised over the Retention Period.

The board of directors has made a preliminary cost calculation for the Share Saving Scheme, which is based on a SEK 84.5 price per share at final allocation, that the maximum number of Performance Shares is allocated following the Retention Period, an estimated annual staff turnover of 2.0% and that each Participant invests in Saving Shares up to the maximum amount. On the basis of the above assumptions, the value of each Performance Share has been set at SEK 19.8 (40.0% of SEK 49.6). The value of the Performance Shares has been calculated on the basis of a share price of SEK 63.5 at the implementation of the Share Saving Scheme, an estimate of the future volatility of the Nobina share as well as volatility and correlation between the Nobina share and the Index as well as a dividend growth of 10%.

In total, the above results in expected costs for the Share Saving Scheme of approximately SEK 17.1 million, excluding costs for social security charges. The costs for social security charges on the basis of an annual total shareholder return of the Nobina share of 10.0% until the time for allocation is approximately SEK 5.8 million. Such costs should be viewed in relation to Nobina's total costs for salaries and other remuneration, which during 2019/2020 amounted to SEK 5,520 million, including social security charges.

### **Effects on key ratios**

Nobina currently has 88,355,682 outstanding shares (one vote per share). The Company holds 2,208,321 treasury shares.

To implement the Share Saving Scheme, up to 912,638 treasury shares need to be acquired (excluding shares to cover costs for social security charges), corresponding to approximately 1% of the total number of outstanding shares and votes in Nobina. The transfer of such shares to the Participants in the Share Saving Scheme (free of charge) is estimated to have a dilutive effect on the yield per share of up to 1%. The transfer of up to 227,247 treasury shares on Nasdaq Stockholm to cover costs for social security charges does not have any dilutive effect on the yield per share as they are transferred at market price.

### **Other share-based incentive schemes in Nobina**

#### *Share saving scheme 2017*

In accordance with what is mentioned above, the annual general meeting 2017 resolved on the implementation of a performance based share saving scheme. Up to 22 senior executives and other key employees were offered to become a participant

in the share saving scheme, which will be carried out 1 March 2018–1 March 2021, and comprise not more than 342,087 shares in Nobina. After the end of the share saving scheme that was implemented by the annual general meeting 2017, the participants, subject to the fulfilment of the terms and conditions of the scheme, are entitled, without consideration, to receive one matching share for each saving share, and an additional one to four performance shares for each saving share. The number of saving shares entitling the participants to receive matching shares and performance shares is restricted to an amount corresponding to approximately 17% of the individual participant's annual fixed salary. The number of performance shares that participants may receive is based on which predetermined category the participant belongs to and the shareholder return of the Nobina share compared to Nasdaq Stockholm OMX Nordic Mid Cap Index.

#### *Share saving scheme 2018*

In accordance with what is mentioned above, the annual general meeting 2018 resolved on the implementation of a performance based share saving scheme. Up to 60 senior executives and other key employees were offered to become a participant in the share saving scheme, which will be carried out 29 June 2018–30 June 2021, and comprise not more than 900,985 shares in Nobina. After the end of the share saving scheme that was implemented by the annual general meeting 2018, the participants, subject to the fulfilment of the terms and conditions of the scheme, are entitled, without consideration, to receive one to seven performance shares for each saving share. The number of saving shares entitling the participants to receive performance shares is restricted to an amount corresponding to approximately 17% of the individual participant's annual fixed salary. The number of performance shares that participants may receive is based on which predetermined category the participant belongs to, the shareholder return of the Nobina share compared to Nasdaq Stockholm OMX Nordic Mid Cap Index and the shareholder return of the Nobina share compared to a performance target set by the board of directors in relation to Nobina's business plan and internal cost of capital.

#### *Share saving scheme 2019*

In accordance with what is mentioned above, the annual general meeting 2019 resolved on the implementation of a performance based share saving scheme. Up to 60 senior executives and other key employees were offered to become a participant in the share saving scheme, which will be carried out 29 June 2019–30 June 2022, and comprise not more than 838,770 shares in Nobina. After the end of the share saving scheme that was implemented by the annual general meeting 2019, the participants, subject to the fulfilment of the terms and conditions of the scheme, are entitled, without consideration, to receive one to seven performance shares for each saving share. The number of saving shares entitling the participants to receive

performance shares is restricted to an amount corresponding to approximately 17% of the individual participant's annual fixed salary. The number of performance shares that participants may receive is based on which predetermined category the participant belongs to, the shareholder return of the Nobina share compared to Nasdaq Stockholm OMX Nordic Mid Cap Index and the shareholder return of the Nobina share compared to a performance target set by the board of directors in relation to Nobina's business plan and internal cost of capital.

**b. authorisation for the board of directors to purchase and sell treasury shares within the scope of Nobina's share saving schemes**

For the purposes of facilitating the transfer of Performance Shares under the Share Saving Scheme as well as to cover costs for social security charges that may arise in connection therewith, the board of directors proposes that the Meeting resolves to authorise the board of directors to purchase and sell treasury shares as follows:

1. The board of directors is authorised to, at one or several occasions before the next annual general meeting, (a) purchase not more than 912,638 shares in Nobina for the purposes of securing the number of Performance Shares that shall be delivered to the Participants under the Share Saving Scheme and (b) purchase and sell not more than 227,247 shares in Nobina for the purposes of covering the costs for social security charges that may arise in connection therewith.
2. The purchase and sale of shares shall be made on Nasdaq Stockholm at a price within the price range applicable at that time.

**c. transfer of treasury shares to participants in Nobina's share saving schemes**

For the purposes of facilitating the transfer of Performance Shares under the Share Saving Scheme, the board of directors proposes that the Meeting resolves that Nobina shall transfer treasury shares as follows:

1. Nobina may transfer not more than 912,638 shares in Nobina to the Participants.
2. The Participants in the Share Saving Scheme shall have the right to receive shares, whereby each Participant shall be entitled to receive such number of shares, which he/she is entitled to under the Share Saving Scheme. Such right can be exercised by the Participant during the period in which such Participant is entitled to receive Performance Shares under the Share Saving Scheme, that is, within 60 days after the expiry of the Retention Period.
3. The shares shall be transferred free of charge.

4. The number of shares to be transferred may be recalculated in the event of a share split, reversed share split or similar events having an impact on the number of shares in Nobina.

The reason for deviating from the shareholders' preferential rights in connection with the transfer of shares is to facilitate the transfer of Performance Shares under the Share Saving Scheme.

#### **d. equity swap agreement with third party**

In the event that the majority requirements applicable to the board of directors' proposals under items b. and c. above are not satisfied (see "Voting majority" below), the board of directors proposes that the annual general meeting resolves that Nobina shall hedge its financial exposure under last year's share saving scheme and the Share Saving Scheme by entering into an equity swap agreement with a third party, under which such third party shall, in its own name, purchase and transfer shares in Nobina to the participants in such schemes.

The board of directors notes that the main alternative for securing Nobina's financial exposure under the share saving schemes is the purchase and transfer of treasury shares as set out in the board of directors' proposals under items b. and c. above. The reason for this is that the costs for an equity swap agreement is typically significantly higher than the costs for purchasing and transferring treasury shares.

#### **Preparation of the proposal**

The Share Saving Scheme has been prepared by the remuneration committee, in consultation with the board of directors. The board of directors has adopted the proposal. Neither the CEO nor any other employees who may be offered to become a Participant has participated in the preparation or the adoption of the proposal.

#### **Voting majority**

The board of directors' proposal under item a. above requires that more than half of the votes cast at the annual general meeting approve the proposal.

The board of directors' proposal under item b. above requires that at least two thirds (2/3) of both the votes cast as well as the shares represented at the annual general meeting approve the proposal.

The board of directors' proposal under item c. above requires that at least nine tenths (9/10) of both the votes cast as well as the shares represented at the annual general meeting approve the proposal.

The board of directors' proposal under item d. above requires that more than half of the votes cast at the annual general meeting approve the proposal.



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Solna in April 2020  
**Nobina AB (publ)**  
*The board of directors*