

The proposal of the board of directors of Bravida Holding AB (publ) for introduction of new long term incentive programme

The board proposes that the annual general meeting resolves to introduce a new long term incentive programme for senior executives and other key employees within the Bravida group (“**LTIP 2018**”) in accordance with items 18 (a)-(d) below. All resolutions are proposed to be conditional upon one another and are therefore proposed to be adopted in connection with each other.

LTIP 2018 is a three year performance based incentive program, primarily in line with the incentive program adopted in connection with the annual general meetings 2016 and 2017.

Adoption of an incentive programme (item 18(a))

Summary of the programme

The board proposes that the general meeting resolves to adopt LTIP 2018. LTIP 2018 is proposed to include not more than 200 senior executives and other key employees within the Bravida group. The participants in LTIP 2018 are required to invest in the group by acquiring shares in Bravida Holding AB (publ) (“**Saving Shares**”). These Saving Shares are received by way of purchase of ordinary shares in Bravida at market value in accordance with the terms set out under “Personal investment” below or transfer of ordinary shares that such participant already holds. The participants will thereafter be granted the opportunity to receive ordinary shares free of charge in accordance with LTIP 2018, so called “**Performance Shares**” in accordance with the terms set out below.

In the event that delivery of Performance Shares cannot be achieved at reasonable costs, with reasonable administrative efforts or due to market conditions, participants may instead be offered a cash-based settlement.

Personal investment

In order to participate in LTIP 2018, the participant must have made a private investment by acquiring Saving Shares at market value and for a value of not less than SEK 30,000 and up to SEK 300,000 depending on the participants’ position in the group and in accordance with what is further described below. For each Saving Share held under LTIP 2018, the company will grant the participants a certain amount of rights to Performance Shares, meaning rights to receive Performance Shares free of charge (“**Rights**”). The number of Rights each participant’s Saving Shares entitles to depends on (i) which category each participant belongs to and (ii) the company’s fulfilment of the performance conditions. A participant cannot receive more than five Performance Shares per Saving Share.

General terms and conditions

Subject to the fulfilment of certain performance based conditions for the financial year 2020 and provided that the participant has kept its investment in Saving Shares during the period from the day of allocation of the Rights until the day of the release of the interim report for the period 1 January to 31 March 2021 (the vesting period) and, with certain exceptions, kept its employment within the Bravida group and not given notice of termination at such point in time, each Right entitles the participant to receive one Performance Share free of charge in the company.

Retention and performance conditions

The number of Rights each of the participant’s Saving Share entitles to depends on how the company has fulfilled the performance conditions during the measurement period. The performance conditions are based on the company’s normalised accumulated EBITA (“**Group EBITA**”). EBITA is the result before interest, and amortisations, also called operating profit.

The determined levels of the conditions include a “minimum” level and a “maximum” level with a linear interpolation applied between those levels as regards the number of Rights that vest. The minimum level constitutes the minimum level which must be exceeded in order to enable vesting of Rights. Even if the minimum level is not exceeded, each participant will receive one Performance per Saving Share, under the condition that the total share return (Earnings per share, “EPS”) at the end of LTIP 2018 amounts to at least the EPS that Bravida had at the start of LTIP 2018 according to the adopted annual account for the fiscal year 2017. If the maximum level is reached, all Performance Shares will be allotted. Should the degree of fulfilment exceed the minimum level but still be between the minimum level and the maximum target, a linear proportional number of Performance Shares will be allotted.

The board intends to disclose the outcome of the performance based conditions in the annual report for the financial year 2020.

The Rights

The Rights shall be governed by the following terms and conditions:

- Rights are granted free of charge as soon as possible after the annual general meeting 2018 and not later than 30 June 2018.
- Vest following the publication of the company’s interim report for the period 1 January – 31 March 2021 (the vesting period).
- May not be transferred or pledged.
- Each Right entitles the participant to receive one Performance Share after the end of the vesting period, if the participant, at the time of the release of the interim report for the period 1 January – 31 March 2021, maintains its employment within the Bravida group, has not given notice of termination and maintains the invested Saving Shares.

Preparation and administration

The board, or a committee established by the board for these purposes, shall be responsible for preparing the detailed terms and conditions of LTIP 2018, in accordance with the mentioned terms and guidelines. To this end, the board shall be entitled to make adjustments to meet foreign regulations or market conditions. The board may also make other adjustments if significant changes in the Bravida group or its operating environment would result in a situation where the decided terms and conditions of LTIP 2018 no longer serve their purpose. The board’s possibility to make such adjustments does not include the grant of continued participation for senior executives in the company’s long-term incentive programmes after the termination of their respective employments.

Allocation

The participants are divided into different categories and in accordance with the above, LTIP 2018 will comprise the following number of Saving Shares and maximum number of Rights for the different categories:

- the CEO: may acquire SEK 300,000 worth of Saving Shares within LTIP 2018, entitling the holder to allotment of not less than one (1) and up to five (5) Rights per Saving Share;
- the CFO: may acquire SEK 240,000 worth of Saving Shares within LTIP 2018, entitling the holder to allotment of not less than one (1) and up to five (5) Rights per Saving Share;

- other members of the management (11 individuals): may acquire SEK 200,000 worth of Saving Shares within LTIP 2018, entitling each holder to allotment of not less than one (1) and up to five (5) Rights per Saving Share;
- regional managers (approximately 30 individuals): may acquire up to SEK 50,000 worth of Saving Shares within LTIP 2018, entitling each holder to allotment of not less than one (1) and up to five (5) Rights per Saving Share;
- department managers and branch managers, whose departments or branches have earned more than 7 per cent Group EBITA and have had a turnover over SEK 50 million over the last three years (approximately 50 individuals): may acquire up to SEK 50,000 worth of Saving Shares within LTIP 2018, entitling each holder to allotment of not less than one (1) and up to five (5) Rights per Saving Share;
- department managers and branch managers, whose departments or branches have earned more than 4 per cent Group EBITA (but less than 7 per cent) and have had a turnover over SEK 30 million (but less than SEK 50 million) over the last three years (approximately 40 individuals): may acquire up to SEK 30,000 worth of Saving Shares within LTIP 2018, entitling each holder to allotment of not less than one (1) and up to three (3) Rights per Saving Share;
- certain other managers on group, division or regional level (approximately 30 individuals): may acquire up to SEK 50,000 worth of Saving Shares within LTIP 2018, entitling each holder to allotment of not less than one (1) and up to three (3) Rights per Saving Share; and
- certain other identified key persons (for example in connection with acquisitions): may acquire up to SEK 50,000 worth of Saving Shares within LTIP 2018, entitling each holder to allotment of not less than one (1) and up to three (3) Rights per Saving Share. The maximum worth of Saving Shares allocated to this category is SEK 600,000.

Scope and costs of LTIP 2018

LTIP 2018 will be accounted for in accordance with IFRS 2 which stipulates that the Rights should be recorded as a personnel expense in the income statement during the vesting period. The costs for LTIP 2018 is estimated to amount to approximately SEK 22 million, excluding social security costs, calculated in accordance with IFRS 2.

The costs for social security charges are calculated to approximately SEK 4.8 million, based on the above assumptions.

In addition to what is set forth above, the costs for LTIP 2018 have been based on that LTIP 2018 comprises 200 participants and that each participant makes a maximum investment.

If the maximum result is reached, and all invested Saving Shares are retained under LTIP 2018 and a fulfilment of the performance conditions of 100 per cent, the maximum cost of LTIP 2018 as defined in IFRS 2 is approximately SEK 42 million and the maximum social security cost is estimated to approximately SEK 9.2 million.

The costs are expected to have marginal effect on key ratios of the Bravida group.

Upon maximum allotment of Performance Shares, 699,750 ordinary shares may be allotted within the framework of LTIP 2018, which would mean a dilution effect of approximately 0.3 per cent of the share capital and the votes in the company in respect of the company's ordinary shares. The dilution effect including existing long-term incentive programs equals maximum approximately 1.3 per cent.

Information on Bravida's existing incentive programs can be found in the Annual Report 2017 and on the company's website, www.bravida.se/en.

Delivery of Performance shares under LTIP 2018

To ensure the delivery of Performance Shares under LTIP 2018, the board proposes that the general meeting resolves to authorise the board to resolve on a directed issue of Class C shares to a bank in accordance with item 18(b) and further to authorise the board to subsequently resolve to repurchase the Class C shares from said bank in accordance with item 18(c). The Class C shares will then be held by the company, whereafter the appropriate number of Class C shares will be reclassified into ordinary shares and subsequently be delivered to the participants under LTIP 2018.

The board further proposes that the general meeting resolves that a maximum of 699,750 ordinary shares may be transferred to the participants in accordance with the terms of LTIP 2018.

The rationale for the proposal

The objective of LTIP 2018 is to create conditions for retaining competent employees in the Bravida group. LTIP 2018 has been designed based on the view that it is desirable that senior executives and other key employees within the group are shareholders in the company and that they see that working with a long term horizon pays off. Participation in LTIP 2018 requires a personal investment in Saving Shares.

By offering an allotment of Rights which are based performance based conditions, the participants are rewarded for increased shareholder value. Further, LTIP 2018 rewards employees' loyalty and long-term value growth in the company. Against this background, the board is of the opinion that the adoption of LTIP 2018 will have a positive effect on the Bravida group's future development and thus be beneficial for both the company and its shareholders.

Preparation

The company's board has prepared LTIP 2018 in consultation with external advisors.

Authorisation for the board of directors to issue Class C shares (item 18(b))

The board proposes that the annual general meeting resolves to authorise the board, during the period until the next annual general meeting, to increase the company's share capital by not more than SEK 10,000 by the issue of not more than 500,000 Class C shares, each with a ratio value of SEK 0.02. With disapplication of the shareholders' preferential rights, a bank shall be entitled to subscribe for the new Class C shares at a subscription price corresponding to the ratio value of the shares. The purpose of the authorisation and the reason for the disapplication of the shareholders' preferential rights in connection with the issue of shares is to ensure delivery of shares to employees under LTIP 2018.

Authorisation to resolve to repurchase own Class C shares (item 18(c))

The board proposes that the annual general meeting resolves to authorise the board, during the period until the next annual general meeting, to repurchase its own Class C shares. The repurchase may only be effected through a public offer directed to all holders of Class C shares and shall comprise all outstanding Class C shares. The number of shares purchased may not result in the company holding at any time more than 10 per cent of the total number of shares in the company. The purchase may be affected at a purchase price corresponding to the quota value of the share. Payment for the Class C shares shall be made in cash. The purpose of the repurchase authorisation is to ensure the company's compliance with its obligations under LTIP 2018.

Transfer of own ordinary shares (item 18(d))

The board proposes that the annual general meeting resolves that Class C shares that the company purchases by virtue of the authorisation to repurchase its own Class C shares in accordance with item 18(c) above, following reclassification into ordinary shares, may be transferred to participants in LTIP 2018 in accordance with the approved terms.

The board further proposes that the annual general meeting resolves that a maximum of 699,750 ordinary shares may be transferred to participants in accordance with the terms of LTIP 2018.

The board of directors' statements pursuant to Chapter 19, Section 22 of the Swedish Companies Act have been made available together with the proposal.
