

PROPOSAL BY THE BOARD OF DIRECTORS OF NOBIA AB (PUBL), REG NO 556528-2752, REGARDING PERFORMANCE SHARE PLAN AND TRANSFER OF BOUGHT-BACK SHARES UNDER THE PLAN

The Board of Directors proposes that the Annual General Meeting resolves on a performance share plan ("**Performance Share Plan 2017**") for Nobia AB (publ) ("**Nobia**") and on the transfer of bought-back shares as a part of Performance Share Plan 2017, according to items A) and B) below.

A) PERFORMANCE SHARE PLAN 2017

1.1 Background

Based on resolutions of Annual General Meetings in Nobia during 2005-2011, approximately 100-200 senior managers have annually been offered the opportunity to participate in long-term incentive plans based on employee share options. The Annual General Meetings 2012-2015 resolved on long-term incentive plans (performance share plans) based on shares instead of employee share options, requiring that the participant acquires Nobia shares. The Annual General Meeting 2016 resolved on a new performance share plan where the participants were not allocated any matching share rights. To participate in the performance share plan 2016, the participants were not required to acquire Nobia shares. However, participation in the performance share plan 2016 involved that the maximum short-term variable remuneration for 2016 payable to the participant was adjusted downwards by ten percentage points (the President), five percentage points (group management) and three percentage points (other employees in senior positions). The Board of Directors now proposes a performance share plan which in all material respects corresponds to the performance share plan of 2016.

1.2 Performance Share Plan 2017 in brief

The fundamental reasons for Performance Share Plan 2017 are the same as for the previous incentive plans of Nobia. By way of a share based incentive plan, the employees' rewards can be linked to the company's future earnings and value growth. The long-term value growth is thereby rewarded and shareholders and the employees concerned will have the same objective. Share based incentive plans create a long-term group-wide focus on value growth for the concerned employees. It is also considered that incentive plans facilitate the company's recruitment and retention of senior managers, particularly outside of Sweden, where approximately 90 per cent of the Nobia Group's staff are employed.

Performance Share Plan 2017 comprises approximately 100 employees consisting of senior managers and employees with senior positions within the Nobia Group. The participants will be allocated performance based share rights that entitle to shares. After the vesting period, the participants will be allocated shares in Nobia free of charge, provided that certain conditions are fulfilled. In order to be entitled to allotment of shares, the participant must have had continued employment in the Nobia Group during the vesting period. In addition, allocation of shares requires that a financial performance target related to accumulated profits per share for Nobia in the financial years 2017-2018 has been achieved.

1.3 Participants in Performance Share Plan 2017

Performance Share Plan 2017 comprises approximately 100 employees consisting of senior managers and employees with senior positions within the Nobia Group, divided into three categories. The first category includes the President, the second category comprises approximately 13 members of the group management and the third category comprises approximately 86 other employees with senior positions within the Nobia Group. Participation in Performance Share Plan 2017 involves that the maximum short-term variable remuneration for 2017 for the participant is adjusted downwards by ten percentage points (the President), five percentage points (group management) and three percentage points (other employees in senior positions) respectively.

1.4 Allocation of share rights

The number of share rights that a participant can be allocated depends on the participant's annual salary (based on the participant's monthly salary in March 2017) and the category to which the participant belongs.

The Board determines an allocation value for each participant relative to the participant's annual salary. The allocation value for the President amounts to 50 per cent of annual salary and for the other members of Group management the allocation value is 30 per cent of annual salary. The allocation value for other managers in senior positions amounts to 20 per cent of annual salary. The share price forming the basis of the calculation of the number of share rights is to correspond to an average volume-weighted price paid during a specific time period. This time period is the first ten trading days after the day of publication of Nobia's interim report for the first quarter of 2017. The individual allocation value is subsequently divided by the share price to obtain the total number of share rights per participant. Allocation of Nobia shares shall normally take place within two weeks after announcement of Nobia's interim report for the first quarter of 2020 (the "**Vesting Period**"), which begins when the participant signs an agreement on participation in the plan.

1.5 Terms for share rights

The following conditions apply to share rights:

- The share rights are allocated free of charge.
- To be entitled to receive shares under the share rights, it is required, with certain exemptions, that the participant remains employed within the Nobia Group. In addition, allocation of shares requires that Nobia has fulfilled a financial performance target condition.
- The participants are not entitled to transfer, pledge or dispose of the share rights or exercise any shareholders' rights regarding the share rights during the Vesting Period.
- Nobia will not compensate the participants in the plan for ordinary dividends made in respect of the shares that the respective share rights qualifies for.

1.6 Performance targets

The number of Nobia shares that will be awarded on the basis of the share rights depends on the degree of fulfilment of a range established by the Board of Directors in relation to Nobia's cumulative

earnings per share in the 2017 and 2018 fiscal years.¹ The level of fulfilment will be measured linearly, whereby 25 per cent of the share rights will entitle to allocation of shares if the established minimum level is achieved. If the minimum level in the range is not achieved, the share rights will not give entitlement to any shares and if the maximum level in the range is achieved, each share right gives entitlement to one Nobia share.

1.7 Formulation and administration

The Board of Directors, or a specific committee appointed by the Board of Directors, shall be responsible for the formulation and administration of Performance Share Plan 2017, and the detailed terms that will apply between Nobia and the participants in the plan, within the scope of the terms and directions set out herein. In connection therewith, the Board of Directors shall be authorised to establish divergent terms for the plan regarding inter alia the Vesting Period and allocation of Nobia shares in the event of termination of employment during the Vesting Period as a result of e.g. early retirement. The Board of Directors shall be authorised to make adjustments to fulfil specific rules or market prerequisites in other jurisdictions. If the delivery of shares to persons outside of Sweden cannot be achieved at reasonable costs and with reasonable administrative efforts, the Board of Directors may decide that the participating person may instead be offered cash based settlement. The Board of Directors shall, in certain circumstances, be entitled to reduce the final allocation of Nobia shares or, in whole or in part, terminate the plan prematurely without compensation to the participant if significant changes occur in the company or on the market.

1.8 Scope

The maximum number of shares in Nobia that can be allocated under Performance Share Plan 2017 shall be limited to 1,500,000, which represents approximately 0.9 per cent of the outstanding shares and votes. The number of shares included in Performance Share Plan 2017 shall, under conditions that the Board of Directors stipulates, be subject to recalculation where Nobia implements a bonus issue, a share split or a reverse share split, a new issue of shares or similar measures, with regard to customary practice for similar incentive plans.

1.9 Hedging

In order to secure the delivery of Nobia shares under Performance Share Plan 2017, the Board of Directors proposes that the Board of Directors be entitled to decide on alternative methods for transfer of Nobia shares under the plan. The Board of Directors therefore proposes that it be entitled to transfer bought-back Nobia shares to the participants or to enter into so-called equity swap agreements with third parties in order to fulfil its obligations under the plan (under item B) below). In the event that delivery of Nobia shares is secured by an equity swap agreement, the Board of Directors proposes that it be entitled to transfer bought-back Nobia shares on Nasdaq Stockholm to fund potential costs related to the agreement and the plan. The Board of Directors regards the first alternative, i.e. the transfer of treasury shares to the participants, to be the most cost efficient and flexible arrangement for the delivery of Nobia shares.

¹ The range has been adjusted to exclude items affecting comparability during the same period. The established range will be adjusted for any share splits, reverse share splits, bonus issues or other measures affecting the number of shares in Nobia AB. Furthermore, adjustments will be made for any changes in accounting principles.

1.10 Estimated costs and values of Performance Share Plan 2017

The share rights cannot be pledged or transferred to others, but an estimated value for each right can be calculated. The Board of Directors has estimated that the average value of each Share Right is SEK 77.0. This estimate is based on generally accepted valuation models using the closing price for the Nobia share on 24 February 2017, with a deduction for the present value of the estimated dividend for the financial years 2017-2019. Based on the assumption that all persons who have been offered participation in the plan participate, that there is a 100 per cent fulfilment of the financial performance target condition and estimates regarding employee turnover, the aggregate estimated value of the share rights is approximately SEK 22.4 million. This value is equivalent to approximately 0.1 per cent of the market capitalisation for Nobia as of 24 February 2017.

The costs are treated as staff costs in the profit and loss accounts during the Vesting Period, in accordance with IFRS 2 on share-based payments. In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 over the Vesting Period. The size of these costs will be calculated on the Nobia share price development during the Vesting Period and allocation of the share rights. Based on the assumptions made above and on a constant share price during the plan, and a Vesting Period of approximately three (3) years, the cost of Performance Share Plan 2017 including social security costs is estimated to amount to approximately SEK 28.7 million which on an annual basis is approximately 0.3 per cent of Nobia's total staff costs during the 2016 fiscal year. The plan has no limitation on maximum profits per share right for the participants and therefore no maximum social security costs can be calculated.

1.11 Effects on key ratios

In the event of full participation in Performance Share Plan 2017, Nobia's staff costs are expected to increase with approximately SEK 9.84 million annually. On a pro-forma basis for 2016, these costs are equal to a negative effect on Nobia's operating margin of approximately 0.08 percentage units and a decrease of earnings per share of approximately SEK 0.05.

Nevertheless, the Board of Directors considers that the positive effects on results which are expected to arise as group management and persons with senior positions may increase their shareholdings as a result of Performance Share Plan 2017, outweigh the costs related to Performance Share Plan 2017.

1.12 The preparation of the proposal

Performance Share Plan 2017 has been initiated by the Board of Directors and prepared together with external advisors based on an evaluation of previous incentive plans. The plan has been prepared by the Remuneration Committee and dealt with at Board meetings during the first months of 2017.

1.13 Other incentive plans in Nobia

Please refer to Nobia's website and annual report for 2016 for a description of all Nobia's other share based incentive plans. Nobia has no share based incentive plans other than those described therein.

1.14 The proposal by the Board of Directors

Referring to the description above, the Board of Directors proposes that the Annual General Meeting resolves to introduce Performance Share Plan 2017.

1.15 Majority requirement

A resolution to introduce Performance Share Plan 2017, in accordance with the Board of Directors' proposal, is valid where supported by shareholders holding more than half of the votes cast at the Annual General Meeting.

B) TRANSFER OF SHARES WITH REFERENCE TO PERFORMANCE SHARE PLAN 2017

1.1 Background

In order to implement Performance Share Plan 2017 in a cost-efficient and flexible manner, the Board of Directors has considered different methods for ensuring the delivery of Nobia shares to participants under Performance Share Plan 2017.

Based on these considerations, the Board of Directors intends to ensure delivery by transferring shares held by Nobia to the participants. A transfer of Nobia's bought-back shares in this way requires a particularly high majority requirement to be met at the Annual General Meeting. In the event that the Board of Directors' proposal regarding the transfer of bought-back shares to the participants does not receive the required majority decision, the Board of Directors intends to enter into an equity swap agreement with a third party to secure that delivery of Nobia shares can be made to the participants.

If delivery of Nobia shares is ensured by an equity swap agreement, it is proposed that the Board of Directors be entitled to transfer bought-back Nobia shares on Nasdaq Stockholm to finance potential costs related to the agreement and the plan. A transfer of Nobia's bought-back shares on Nasdaq Stockholm in this way requires a qualified majority decision. If no such majority decision is reached, the Board of Directors intends to finance the potential costs related to an equity swap agreement in other ways than by way of transfer of bought-back shares.

1.2 The Board of Directors proposal of transfer of bought-back shares to participants

Therefore, the Board of Directors proposes, firstly, that the Annual General Meeting resolves on the transfer of bought-back shares in accordance with the terms set out below:

- (i) A transfer of a maximum of 1,500,000 Nobia shares to participants in Performance Share Plan 2017 may be made (or a higher number of shares that may result from a recalculation due to changes resulting from a bonus issue, a share split or a reverse share split, a new share issue or similar actions carried out by Nobia, according to customary practice for corresponding incentive plans).
- (ii) The transfer of shares shall be made free of charge at the relevant time and in accordance with the conditions under which the participants in Performance Share Plan 2017 are entitled to receive allocation of shares.

The reason for the deviation from shareholders' preferential rights is that the transfer of the shares is part of executing Performance Share Plan 2017. Therefore, and in light of the above, the Board of Directors considers it to be to the benefit of Nobia to transfer shares in accordance with the proposal.

The Board of Directors intends to propose to the Annual General Meeting 2020 that the Annual General Meeting resolves that a maximum of 300,000 shares of Nobia's total equity holding in the company may be transferred on Nasdaq Stockholm, to the extent that the shares in question will not be required for the completion of Nobia's obligation to deliver shares to the participants in accordance with the terms of Performance Share Plan 2017. Such a transfer will be made to cover costs such as social security costs for Performance Share Plan 2017.

1.3 The Board of Directors' proposal for a resolution on the transfer of bought-back shares on Nasdaq Stockholm

If the proposal by the Board of Directors in item 1.2 above does not receive the required majority decision, the Board of Directors proposes secondly that the Annual General Meeting resolves on the transfer of bought-back shares as follows. Until the next Annual General Meeting, a transfer may be made on one or more occasions, of a maximum 1,500,000 Nobia shares on Nasdaq Stockholm to cover potential costs related to the equity swap agreement or to Performance Share Plan 2017 (or a higher number of Nobia shares that may result from a recalculation due to Nobia implementing a bonus issue, a share split or a reverse share split, a new share issue or similar measures, in accordance with what is customary practice for corresponding incentive plans). The transfer shall take place at the registered spread at the given time.

The reason for the deviation from shareholders' preferential rights is that the transfer of the Nobia shares is a step in executing Performance Share Plan 2017. Therefore, and in light of the above, the Board of Directors considers it to be to the benefit of Nobia to transfer the shares in accordance with the proposal.

1.4 Majority Requirement

A resolution to approve the proposal by the Board of Directors under item 1.2 above is valid where supported by shareholders holding no less than nine-tenths of both the votes cast and the shares represented at the Annual General Meeting. A resolution to approve the proposal by the Board of Directors pursuant to item 1.3 above, which will apply only to the extent that the proposal in item 1.2 has not received the required majority, is valid where supported by shareholders holding no less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting. The proposal by the Board of Directors pursuant to this item B is conditional on the proposal by the Board of Directors regarding the introduction of Performance Share Plan 2017 being approved by the Annual General Meeting (see item A above).