

TRANSLATION OF THE ORIGINAL SWEDISH

The proposal by the Board of Directors of JM AB (publ) for resolution by the Annual General Meeting on the issue and transfer of convertibles with a nominal value not to exceed SEK 160,000,000 (“JM Convertibles 2019/2023”)

The Board of Directors proposes that the Annual General Meeting resolve that JM AB (publ) (“the Company”) raise a debenture loan with a maximum nominal value of SEK 160,000,000 by issuing a maximum of 700,000 convertibles aimed at all employees in Sweden, transferable as described below. JM Convertibles 2019/2023 entail that with full conversion the Company’s share capital could increase by a maximum of SEK 700,000 through the issue of a maximum of 700,000 new ordinary shares.

Each JM Convertible 2019/2023 may be converted to one ordinary share in the Company, each share with a quota value of one (1) Swedish krona, at a conversion price equivalent to 125 percent of the most recent noted average price paid for ordinary shares in the Company on the official exchange list of Nasdaq Stockholm for the period March 29, 2019 to April 11, 2019. In the absence of a quotation of paid price on any of the days in question, the last bid price quoted shall be used in the calculation instead. Days on which neither a transaction price nor a bid price is quoted shall not be included in the calculation. The conversion price and subscription price referred to above shall be rounded off to the nearest whole krona or 50 öre, whereby 25 öre and 75 öre shall be rounded down. However, the conversion price and subscription price shall not be less than the quota value of the share.

The following terms and conditions shall otherwise apply for JM Convertibles 2019/2023:

1. Only AB Konvertibelhus, CIN 559001-7025, (“the Subsidiary”), a wholly owned subsidiary of the Company, shall be entitled to subscribe to JM Convertibles 2019/2023, with waiver of shareholders’ rights of pre-emption, with the right and obligation for the Subsidiary to offer employees within the JM Group in Sweden on market-based terms the right to acquire JM Convertibles 2019/2023.

The Subsidiary shall subscribe to JM Convertibles 2019/2023 during the period May 21, 2019 to May 23, 2019 and shall make payment in cash into a bank account designated for this purpose by the Company in conjunction with subscription.

For the purpose of facilitating administration of the offering, the Subsidiary may delegate JM Convertibles 2019/2023 to a banking institution or other third party, with the right and obligation for the banking institution or the third party to offer JM Convertibles 2019/2023 under the same terms as those set forth for the Subsidiary above.

2. The offer to employees to acquire JM Convertibles 2019/2023 shall be submitted no later than April 25, 2019, which means that the employee holds the right commencing on April 25, 2019 through May 10, 2019, to submit a binding application to acquire JM Convertibles 2019/2023 from the Subsidiary. Payment for JM Convertibles 2019/2023 from employees shall be made no later than May 29, 2019, to the bank account designated by the Subsidiary.
3. JM Convertibles 2019/2023 shall be issued at a price equivalent to 100 percent of the nominal amount, equivalent to the conversion price.
4. Commencing on May 23, 2019, JM Convertibles 2019/2023, as described in detail in Appendix A, shall carry an annual interest rate based in part on the conversion price and the calculated market value of JM Convertibles 2019/2023 at the time of issue of the convertibles. Assumptions for the calculations can be seen in Appendix A. The interest rate shall amount to STIBOR 6M as at May 21, 2019 (for the period May 23, 2019 to November 22, 2019), plus interest margin, according to calculations shown in Appendix A. For subsequent semi-annual interest periods, Swedbank will set the interest rate two banking days prior to the beginning of each interest period. The annual interest rate is STIBOR 6M plus 2.49 percentage points, assuming an average share price during the benchmark period of SEK 178.00, a conversion price of SEK 222.50 and a risk-free interest rate of 0.1 percent.

Interest is paid annually in arrears and is calculated using the actual/360 method. Interest falls due for payment on May 22 every year, or on the closest subsequent banking day if the due date should fall on a holiday or weekend; the first time on May 22, 2020. Rights to interest cease on conversion, effective from the due date immediately prior to conversion.

5. JM Convertibles 2019/2023 shall have a term from May 23, 2019 through May 22, 2023.
6. Conversion of JM Convertibles 2019/2023 shall be possible during the period June 01, 2022 to April 21, 2023, with the exception of the period January 1 up to and including the dividend record date each year or, if the Annual General Meeting for the Company resolves that no dividend will be paid one year, on the day that falls three business days after the Annual General Meeting. Shares added through conversion, with the exclusions noted in Appendix B, carry the right to dividends for the first time on the record date for dividends that occur after conversion.
7. Offers to acquire JM Convertibles 2019/2023 shall be submitted on market-based terms and otherwise primarily as follows.

The offer to acquire JM Convertibles 2019/2023 shall be given to all employees who as at March 28, 2019, are employees in the JM Group within Sweden. All permanent employees shall have the right to participate in the offer irrespective of sick leave, leave of absence, parental leave or part-time position. However, anyone who has given notice or been given notice to terminate employment is not considered to be an employee.

Persons who are employed by the JM Group as at March 28, 2019, are divided into five groups. The group to which the employee belongs determines the nominal value of JM Convertibles 2019/2023, or the maximum number of JM Convertibles 2019/2023, that each employee is guaranteed to be able to acquire, and the maximum nominal value of JM Convertibles 2019/2023, or maximum number of JM Convertibles 2019/2023, they may acquire.

Employees in group A, comprising the President, are guaranteed a nominal amount of JM Convertibles 2019/2023 of SEK 1,326,545, though not to exceed 5,962 JM Convertibles 2019/2023, and may acquire JM Convertibles 2019/2023 for a maximum nominal amount of SEK 2,657,985, though not to exceed 11,946 JM Convertibles 2019/2023.

Employees in group B, comprising the Executive Management team (about 8 persons), are guaranteed a nominal amount of JM Convertibles 2019/2023 of SEK 773,410, though not to exceed 3,476 JM Convertibles 2019/2023, and may acquire JM Convertibles 2019/2023 for a maximum nominal amount of SEK 1,551,715, though not to exceed 6,974 JM Convertibles 2019/2023.

Employees in Sweden in group C, comprising primarily regional and subsidiary managers (about 14 persons), are guaranteed a nominal amount of JM Convertibles 2019/2023 of SEK 425,865, though not to exceed 1,914 JM Convertibles 2019/2023, and may acquire JM Convertibles 2019/2023 for a maximum nominal amount of SEK 856,625, though not to exceed 3,850 JM Convertibles 2019/2023.

Employees in Sweden in group D, comprising other key personnel (about 457 persons), are guaranteed a nominal amount of JM Convertibles 2019/2023 of SEK 166,430, though not to exceed 748 JM Convertibles 2019/2023, and may acquire JM Convertibles 2019/2023 for a maximum nominal amount of SEK 337,755, though not to exceed 1,518 JM Convertibles 2019/2023.

Employees in Sweden in group E, comprising other employees (about 1,530 persons), are guaranteed a nominal amount of JM Convertibles 2019/2023 of SEK 39,160, though not to exceed 176 JM Convertibles 2019/2023, and may acquire JM Convertibles 2019/2023 for a maximum nominal amount of SEK 78,320, though not to exceed 352 JM Convertibles 2019/2023.

Swedbank intends to provide JM employees with an offer for market-based financing for acquisition of JM Convertibles 2019/2023 in accordance with the offer.

Employees shall acquire JM Convertibles 2019/2023 in multiples of SEK 5,000, rounded down to the nearest whole number of convertibles. The lowest nominal amount for subscription shall be SEK 5,000, rounded down to the nearest whole number of convertibles.

If the offer is oversubscribed, first of all, the employees will receive their guaranteed allotment; second of all, employees will receive their allotment pro rata in relation to the number of JM Convertibles 2019/2023 covered by the application for subscription and third of all, by drawing lots. However, employees may not receive more JM Convertibles 2019/2023 than the maximum allotment in each Group, or more JM Convertibles 2019/2023 than the application covers. In accordance with a decision of February 21, 2019, the Board of Directors of JM AB notified the Compensation Committee of the mandate to allocate JM Convertibles 2019/2023.

8. In the event of full participation in the offer, as well as full conversion of the transferred JM Convertibles 2019/2023 as described above, the Company's share capital could increase by a maximum of SEK 700,000, through the issue of a maximum of 700,000 ordinary shares, each with a quota value of one (1) Swedish krona. This corresponds to a dilution of about 1.00 percent of share capital and voting rights, though with reservation for the adjustment that may occur because of the recalculation of the conversion price in the event of bonus issues, new issues and certain other cases as specified in Appendix B. Dilution calculations are based on the number of shares registered as at the date of this proposal.

JM Convertibles 2019/2023 entails that profit per share is changed in inverse proportion to the change in the number of shares in a full conversion (dilution). Since the dilution of capital cannot exceed 1.00 percent, with reservation for the adjustment that may occur because of recalculation of the conversion price in the event of bonus issues, new issues and certain other cases as specified in Appendix B, profit per share will never be able to decrease by more than 1.00 percent.

9. The complete terms and conditions in general for JM Convertibles 2019/2023 can be seen in Appendix B.

10. The Chairperson of the Board and the Chief Executive Officer shall be authorized to make minor adjustments to the resolution as may prove to be necessary in conjunction with registration with the Swedish Companies Registration Office or Euroclear Sweden AB.
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Reasons for waiver of shareholders' rights of pre-emption

Since employees comprise an important component in JM's development, the Board of Directors' proposal is to offer employees a long-term incentive program consisting of convertibles in accordance with what was previously offered during the years 2007-2018. The employee's ownership commitment enhances and strengthens interest in JM's operations and future financial performance. It is the Board of Directors' assessment that increased employee motivation and participation in JM's operations is in the interest of the Company, the employees and existing stockholders.

Previous incentive schemes

JM Convertibles 2015/2019 was issued during 2015. Convertible bonds for a nominal amount of around SEK 18m were issued. The conversion price amounts to SEK 314. Conversion may take place from June 1, 2018 through May 17, 2019, with the exclusion of the period January 1 until the record date for dividends. As a result of conversion, the Company's share capital could increase by a maximum of about SEK 58,000, through the issue of a maximum of about 58,000 ordinary shares, each with a par value of one (1) Swedish krona. This corresponds to dilution of about 0.07 percent of the shares and votes in the Company. JM Convertibles 2015/2019 fall due for payment on June 14, 2019, insofar as conversion has not already been undertaken.

JM Convertibles 2016/2020 was issued during 2016. Convertible bonds for a nominal amount of around SEK 23m were issued. The conversion price amounts to SEK 289. Conversion may take place from June 1, 2019 through May 18, 2020, with the exclusion of the period January 1 until the record date for dividends. As a result of conversion, the Company's share capital could increase by a maximum of about SEK 78,000, through the issue of a maximum of about 78,000 ordinary shares, each with a par value of one (1)

Swedish krona. This corresponds to dilution of about 0.10 percent of the shares and votes in the Company. JM Convertibles 2016/2020 fall due for payment on June 13, 2020, insofar as conversion has not already been undertaken.

JM Convertibles 2017/2021 was issued during 2017. Convertible bonds for a nominal amount of around SEK 14m were issued. The conversion price amounts to SEK 409. Conversion may take place from June 1, 2020 through May 18, 2021, with the exclusion of the period January 1 until the record date for dividends. As a result of conversion, the Company's share capital could increase by a maximum of about SEK 35,000, through the issue of a maximum of about 35,000 ordinary shares, each with a par value of one (1) Swedish krona. This corresponds to dilution of about 0.05 percent of the shares and votes in the Company. JM Convertibles 2017/2021 fall due for payment on June 19, 2021, insofar as conversion has not already been undertaken.

JM Convertibles 2018/2022 was issued during 2018. Convertible bonds for a nominal amount of just under SEK 45m were issued. The conversion price amounts to SEK 229. Conversion may take place from June 1, 2021 through May 18, 2022, with the exclusion of the period January 1 until the record date for dividends. As a result of conversion, the Company's share capital could increase by a maximum of about SEK 196,000, through the issue of a maximum of about 196,000 ordinary shares, each with a par value of one (1) Swedish krona. This corresponds to dilution of about 0.03 percent of the shares and votes in the Company. JM Convertibles 2018/2022 fall due for payment on June 06, 2022, insofar as conversion has not already been undertaken.

Collectively, all outstanding incentive programs (including the proposed program for 2019/2023) could entail an increase in the Company's share capital by a maximum of about SEK 1,067,000, through the issue of a maximum of about 1,067,000 ordinary shares, which corresponds to dilution of about 1.53 percent of shares and votes in the Company.

All dilution calculations above are based on the number of shares registered as at the date of this proposal.

Valuation, etc.

When formulating the proposal for the terms and conditions for JM Convertibles 2019/2023 the Board of Directors had Swedbank Large Corporates and Institutions carry out

calculations of the value of interest-bearing debentures without conversion option, as well as the value of the conversion option according to the “Black & Scholes” model. The calculations are presented in their entirety in Appendix A.

The calculations take into account the fact that liquidity in JM Convertibles 2019/2023 is expected to be limited since no listing of the instruments is planned at this time.

Expenses

The Board of Directors does not expect any social security contributions to arise in conjunction with JM Convertibles 2019/2023.

Management

The Compensation Committee has formulated this proposal with the assistance of a Swedbank Large Corporates and Institutions representative. The Board of Directors decided at its meeting on February 21, 2019, that this proposal for JM Convertibles 2019/2023 should be proposed to the 2019 Annual General Meeting.

Majority requirement

A resolution on the issue and transfer of convertibles by the Annual General Meeting in accordance with the Board’s proposal requires that the Meeting’s resolution be supported by shareholders representing at least nine-tenths of the votes cast as well as the shares represented at the Meeting.

JM AB (publ)
Stockholm, February 21, 2019
Board of Directors