

## **THE BOARD'S PROPOSAL REGARDING (A) THE IMPLEMENTATION OF A LONG-TERM INCENTIVE PROGRAMME; AND (B) HEDGING ARRANGEMENTS (EQUITY SWAP AGREEMENT) IN RESPECT THEREOF (ITEM 18)**

### **(a) Implementation of the programme**

The Board of Directors proposes that the Annual General Meeting resolves to implement a long-term incentive programme (“**LTIP 2024**”), as set out below.

Compared to the previous year's incentive programme (LTIP 2023), the proposal for LTIP 2024 includes an option for participants in the programme to account for as Investment Shares (as defined below) under LTIP 2024, any investment shares or performance shares that the participants have invested in, or are allotted, within Indutrade's long-term incentive programme 2021.

### **Objective**

LTIP 2024 is designed to create long-term incentives for members of the group management, including the CEO, business segment leaders and other senior key individuals, as well as subsidiary CEOs and other key individuals (the “**Participants**”). The main objective of LTIP 2024 is to create additional incentive for increased engagement and performance among the Participants, strengthen the potential for recruiting and retaining key individuals, as well as to create a mutual ownership interest between the Participants and the shareholders.

The Board of Directors intends to propose an annual incentive programme with an equivalent structure.

### **Description of LTIP 2024**

LTIP 2024 is proposed to include all current and future members of the group of Participants, currently comprising approximately 285 employees. The programme is proposed to consist of performance shares, and entails a requirement to hold Indutrade shares through acquisition of new Indutrade shares and/or through allocation of any investment shares or performance shares that the Participants have invested in, or are allotted, under Indutrade's long-term incentive programme 2021 (“**LTIP 2021 Shares**”) to LTIP 2024. As proposed, LTIP 2024 may comprise a maximum of 365,000 shares in Indutrade, representing approximately 0.10 percent of all shares and votes in Indutrade.

### Allocation requirement

In order to participate in LTIP 2024, the Participants are required to acquire new Indutrade shares and allocate these shares to LTIP 2024, and/or allocate LTIP 2021 Shares to LTIP 2024 (“**Investment Shares**”). The maximum value that Participants may allocate to LTIP 2024 corresponds to, in average, approximately 5–7 percent of the Participant’s gross annual base salary at the time of enrolment in LTIP 2024, as further set out below. Except for LTIP 2021 Shares, Indutrade shares already held by the Participants at the time of implementation of the programme may not be accounted for as Investment Shares under LTIP 2024. Should the Participant be prohibited from acquiring Indutrade shares under market abuse rules or similar at the time of enrolment in LTIP 2024, Investment Shares must instead be acquired as soon as such restrictions no longer apply.

### Performance Share Rights

Granting under LTIP 2024 is free of charge and gives the Participant rights that entitle the Participant to receive a certain number of Indutrade shares, free of charge, for each Investment Share following the expiration of a three-year vesting period (“**Performance Share Rights**”). Each Performance Share Right entitles the holder to receive up to one (1) Indutrade share. Allotment of Indutrade shares pursuant to the Performance Share Rights is subject to the fulfilment of the performance condition set out below, and will generally require that the Participant retains their employment and all of their Investment Shares over a period of approximately three years from the launch of the programme until the date of announcement of the interim report for the first quarter of 2027 (the “**Vesting Period**”).

Granting of Performance Share Rights will generally take place as soon as practicably possible following the Annual General Meeting 2024 or a later point in time as regards newly employed Participants.

Indutrade will not compensate for dividend payments and other value transfers that are in line with Indutrade’s dividend policy during the Vesting Period. The number of Indutrade shares that each Performance Share Right entitles to, may be recalculated as a result of e.g. bonus issues, reverse splits or share splits, new share issues, reductions of the share capital, extraordinary dividend payments, or similar actions. The transfer of shares may be accelerated as a result of merger, demerger, major acquisitions or divestments or similar actions.

### *Performance condition and allocation*

The vesting of the Performance Share Rights is dependent upon the extent to which the performance condition is satisfied during the period 1 January 2024–31 December 2026 (the “**Performance Period**”), whereby it will be determined to which extent (if any) the Performance Share Rights

entitle the Participants to receive Indutrade shares at the expiration of the Vesting Period.

The performance condition for allotment of Indutrade shares is based on the cumulative profit per Indutrade share (EPS) during the entire Performance Period. Minimum allotment occurs if the threshold of a cumulative EPS of SEK 26.00 per share is reached, and increases linearly up to the maximum allotment at a cumulative EPS of SEK 29.70 per share.

The maximum value that the participants in each category can allocate to LTIP 2024 through acquisition of new Indutrade shares and/or through allocation of LTIP 2021 Shares, as well as their respective granting of Performance Share Rights, are set out below. In order to be entitled to Performance Share Rights, each Participant must allocate a value<sup>1</sup> to LTIP 2024 corresponding to at least 50 percent of the maximum value specified for its category below.

<i>Category 1 (CEO)</i>	The CEO can allocate a total value of up to SEK 625,000. Each Investment Share entitles the CEO to receive 6 Performance Share Rights.
<i>Category 2 (Group management)</i>	8 other employees of the group management can allocate a total value of up to SEK 175,000 each. Each Investment Share entitles these Participants to receive 5 Performance Share Rights.
<i>Category 3 (Business segment leaders and other senior key individuals)</i>	55 employees within category 3 can allocate a total value of up to SEK 110,000 each. Each Investment Share entitles these Participants to receive 4 Performance Share Rights.
<i>Category 4 (Subsidiary CEOs and other key individuals)</i>	221 employees within category 4 can allocate a total value of up to SEK 85,000 each. Each Investment Share entitles these Participants to receive 2.5 Performance Share Rights.

#### *Allotment of shares*

Provided that the performance condition set out above has been satisfied during the Performance Period and that the Participant has retained their employment (unless special circumstances are at hand) as well as their Investment Shares during the Vesting Period, the allotment of Indutrade

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<sup>1</sup> The value of allocated LTIP 2021 Shares shall be determined based on the volume-weighted average purchase price for the Indutrade share during the trading day immediately preceding the date on which the application period for LTIP 2024 commences. The value of newly acquired Indutrade shares shall correspond to the acquisition price.

shares (“**Performance Shares**”) shall take place as soon as practicably possible following the expiration of the Vesting Period.

In order to enable control and create predictability in relation to the maximum outcome per Participant and the costs of LTIP 2024, the maximum value of the Performance Shares that may be allotted under each Performance Share Right is limited to SEK 556 (corresponding to 200 percent of the volume-weighted average purchase price for the Indutrade share during the period 22–28 February 2024). Should the value of the allotment of Performance Shares per Performance Share Right exceed this amount at the day of allotment of Performance Shares, a proportionate reduction of the number of Performance Shares to be allotted shall be made, so that this amount is not exceeded. A corresponding reduction can be made in the event the total number of shares comprised by LTIP 2024 would be exceeded.

When determining the final outcome of the Performance Share Rights, the Board of Directors shall evaluate whether the vesting level is reasonable considering Indutrade’s financial results and position, conditions on the stock market and other circumstances, and if not, as determined by the Board of Directors, reduce the allotment to the lower level deemed appropriate by the Board of Directors.

In the event delivery of Performance Shares to Participants cannot take place under applicable law, at a reasonable cost or with reasonable administrative measures, the Board of Directors may resolve to offer the Participants a cash settlement.

### **Costs, dilution and effects on important key ratios**

The costs for LTIP 2024, as reported in the income statement, are calculated in accordance with the accounting standard IFRS 2 and distributed over the Vesting Period. The calculation has been made based on the assumption of an estimated annual turnover of personnel of 10 percent, an annual share price increase of 10 percent, and 50 percent fulfilment of the performance condition. In addition, the costs for LTIP 2024 have been based on the assumptions that the programme comprises a maximum of 285 Participants and that each Participant makes a maximum allocation.

The total cost during the entire program period, given the above assumptions, of LTIP 2024 according to IFRS 2 is estimated to approximately MSEK 28.2, excluding social security contributions (the maximum cost according to IFRS 2 is approximately MSEK 77.4). The costs for social security contributions are estimated to approximately MSEK 11.9, based on the assumption of social security contributions at a rate of 30 percent (approximately MSEK 49 at maximum total outcome).

The expected annual costs of approximately MSEK 13.9 (approximately MSEK 43.6 at maximum total outcome), including social security

contributions, correspond to approximately 0.2 percent of the group's total employee costs for the financial year 2023 (0.6 percent at maximum total outcome).

As proposed, LTIP 2024 may comprise a maximum of 365,000 shares in Indutrade, corresponding to approximately 0.10 percent of all shares and votes in Indutrade, before any recalculations as a result of the above specified company events.

Since the proposal does not entail an issue of new shares, LTIP 2024 will have no dilutive effect on the votes of existing shareholders or the share capital. The effect on important key figures is only marginal.

### **Hedging arrangements**

The Board of Directors has considered different methods for hedging the financial exposure and the transfer of shares under LTIP 2024, such as repurchase of own shares, new issue of Class C shares and transfer of treasury shares. The Board of Directors is of the opinion that an equity swap agreement with a third party is the most cost-effective and flexible method for hedging the financial exposure and the transfer of shares under LTIP 2024.

### **Preparation of the proposal, etc.**

The proposal regarding LTIP 2024 has been prepared by Indutrade's Remuneration Committee and adopted by the Board of Directors.

The Board of Directors shall, within the framework of the above terms and conditions and guidelines, be responsible for the implementation and management of LTIP 2024. All major decisions relating to LTIP 2024 will be made by the Remuneration Committee, with approval by the Board of Directors as a whole, when required.

### **Description of ongoing variable compensation programmes**

The Company's ongoing variable compensation programmes will be described in detail in the annual report 2023 in note 8 to the consolidated financial statements, and are also described on Indutrade's website, which further outlines how Indutrade implements its guidelines for compensation to senior executives in line with the Swedish Corporate Governance Code.

### **(b) Equity swap agreement with a third party**

The Board of Directors proposes that the Annual General Meeting resolves that the financial exposure shall be hedged by Indutrade being able to enter into an equity swap agreement with a third party on market terms, whereby the third party in its own name shall be entitled to acquire and transfer shares to the Participants. The Board has considered different methods and is of the opinion that the costs of such an equity swap are in line with other

financing options, considering the terms and conditions for such an equity swap agreement. The costs for the equity swap agreement are not expected to exceed MSEK 5 per year until 2027.

LTIP 2024 including the equity swap agreement will also result in costs for external counsel and administration attributable to LTIP 2024, including acquisition and transfer of shares. These costs are not expected to exceed MSEK 1 per year until 2027.

*Majority requirements*

The Annual General Meeting's resolutions under items 18 (a) and 18 (b) above requires a majority of more than half of the votes cast at the Meeting.

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Stockholm, March 2024  
Indutrade Aktiebolag (publ)  
*The Board of Directors*