

## **Proposal to resolve on a long-term incentive program (LTIP 2021/2024)**

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The board of directors of NCAB Group AB (publ), reg. no 556733-0161, (the "**Company**") proposes that the annual general meeting resolves, in accordance with the below on a long-term incentive program for the key-personnel of the group in order to stimulate them to continued long-term commitment and continued good performance as well as to increase the group's attractiveness as an employer.

A prerequisite for the successful implementation of the group's business strategy and safeguarding of its long-term interests is that the group is able to retain the best competencies and their loyalty, and that the Company's executive management and other key-personnel of the group (the "**Key-Personnel**") continue to deliver results and perform at a very high level. The board of directors finds it important and in all shareholders' interest that Key-Personnel have a long-term interest in a positive development of the share price of the Company. Also, the board of directors would like to encourage the Key-Personnel to make investments in the Company.

In light of the above, the board of directors proposes to the annual general meeting to resolve on (a) implementing a long-term incentive program ("**LTIP 2021/2024**") for Key-Personnel, (b) a directed issue of not more than 78,000 warrants, (c) approving that the wholly-owned subsidiary that subscribes for the warrants transfers them to secure the transfer to the participants in LTIP 2021/2024, (d) authorizing the board of directors to resolve on acquisition of treasury shares and (e) approving the transfer of treasury shares to secure the transfer to participants in LTIP 2021/2024.

It is the intention of the board of directors to propose new corresponding programs to be adopted annually at future annual general meetings.

**a) Implementation of a long-term incentive program ("LTIP 2021/2024")**

The board of directors proposes that the annual general meeting resolves to implement a long-term incentive program ("LTIP 2021/2024") including not more than 78,000 shares in the Company on the following principal terms and conditions:

- Up to 33 executive managers and other key personnel in the group will be offered participation in LTIP 2021/2024.
- Participation in LTIP 2021/2024 presupposes that the participants with their own funds acquire shares in the Company ("**Investment Shares**") at market price. If the Investment Shares are retained until 31 May 2024 (the "**Savings Period**") and the participant remains in the employment in the group throughout the Savings Period, then each Investment Share entitles the holder to acquire up to four shares in the Company ("**Performance Shares** ") at a price corresponding to 70 percent of the volume-weighted average price of completed transactions in the Company's shares during the period from and including 12 May 2021 up to and including 21 May 2021 on Nasdaq Stockholm.
- The maximum numbers of Performance Shares that Key Personnel has the right to acquire, provided that other requirements for the right to acquire Performance Shares are met, appear below. The number of Performance Shares each Investment Share entitles to (a decimal number between zero and four, and which is rounded off at an aggregate level for the individual to an even number of shares) is decided by the board of directors and is linked to financial ratios decided by the board of directors. The key figures are intended to relate to the Company's financial goals and reflect the Company's strategic priorities.

Category	Maximum allotment of Performance Shares
CEO in the Company	12,500
CFO in the Company	10,000
Other members of the group management/key personnel	1,200-4,000 (depending on position)

- Acquisition of Investment Shares must take place no later than 30 June 2021, with the right for the board of directors to extend this period if there are obstacles to a participant's acquisition during the period or in case a so-called closed period, or other similar period during which inside information exists in the Company would arise.
- Performance Shares will be received no later than 30 June 2024. Acquisition of Performance Shares takes place, in accordance with the Company's board of directors' choice, in a way that the participant in the program receives warrants of series 2021/2024, which are exchanged for shares according to the terms and conditions hereof, or that the participant in the program acquires shares from the Company.
- The right to acquire Performance Shares cannot be transferred.
- It is presupposed that participation in the program can take place in accordance with the applicable laws in the countries concerned and that such participation, according to the board of director's assessment, can take place with reasonable administrative costs and

financial efforts.

- The number of Performance Shares shall be subject to customary recalculation as a result of intermediate share split and reverse share split, bonus issue, rights issue and/or other similar corporate events.
- The board of directors shall be responsible for the detailed wording and handling of LTIP 2021/2024 within the framework of the above main terms and conditions and also have the right to make the minor adjustments to these terms and conditions that may be required as a result of legal or administrative reasons. In addition, the board of directors shall have the right to make adjustments and deviations from the terms and conditions due to local rules in jurisdictions other than Sweden and existing market practice.

**b) Directed issue of warrants**

In order to secure the transfer of Performance Shares in LTIP 2021/2024, the board of directors proposes that the annual general meeting resolves upon an issue of warrants on the following terms and conditions:

- The Company shall issue not more than 78,000 warrants of series 2021/2024 (the "**Warrants**").
- The right to subscribe for the Warrants shall, with deviation from the shareholders' preferential rights, belong to the wholly-owned subsidiary of the Company NCAB Group Sweden AB, reg. no. 556622-9364 (the "**Subsidiary**").
- Over-subscription is not allowed.
- Subscription of the Warrants shall take place on a separate subscription list no later than 31 May 2021. The board of directors is entitled to prolong the subscription period. The Warrants shall be allotted to the Subsidiary free of charge.
- Each Warrant entitles the holder to subscribe for one (1) new share in the Company during the period 15 May 2024 to 30 June 2024. In case this period would be within a so-called closed period, or other similar period during which inside information exists in the Company, the board of directors may resolve to prolong the period.
- The price for the shares at exercise shall be equal to 70 percent of the volume-weighted average price of completed transactions in the Company's shares during the period from and including 12 May 2021 up to and including 21 May 2021 on Nasdaq Stockholm. The price shall however not be lower than the quotient value of the share.
- Shares issued as a result of subscription will carry rights to dividends as of the first record date for dividends that occur after registration of the share issue with the Swedish Companies Registration Office and the shares have been registered in the share register kept with Euroclear Sweden AB.
- The complete terms and conditions for the Warrants are set forth in Appendix A. As set forth therein, the subscription price, as well as the number of shares, which a Warrant entitles subscription for, can be recalculated in the event of a share split, bonus issue, new issue and in certain other cases.
- The increase of the Company's share capital will, upon exercise of the Warrants, amount to not more than SEK 7,800, subject to such increase that may occur due to recalculation of the subscription price and the number of shares, which each Warrant entitles subscription for in the event of a share split, issues etcetera.
- The reason for deviating from the shareholders' preferential rights is to allow for the Company to transfer Performance Shares to the participants in LTIP 2021/2024.
- Upon full subscription by virtue of the Warrants, a maximum of 78,000 new shares may be issued, corresponding to a dilution of approximately 0.4 percent of the total number of shares and votes in the Company, however, subject to the increase that may result from a re-calculation of the subscription price and number of shares, which each Warrant entitles subscription for as a result of certain events as set out in Appendix A. The dilution is calculated as the total number of new shares divided by the total number of shares after the increase of the number of shares and the total number of new votes

divided by the total number of votes after the increase in the number of votes.

- The board of directors is authorized to make such minor adjustments in the annual general meeting's resolution as may be required in connection with the registration with the Swedish Companies Registration Office and Euroclear Sweden AB.

**c) Approval of the Subsidiary's transfer of Warrants**

The board of directors proposes that the annual general meeting resolves to approve transfer of Warrants on the following terms and conditions:

- The Subsidiary shall be entitled to offer and transfer the Warrants free of charge to Key-Personnel within the framework of LTIP 2021/2024.
- The final allotment is dependent on the allotment of Performance Shares according to item (i) above.
- Transfer of the Warrants from the Subsidiary to the Key-Personnel shall be free of charge.

**d) Authorization for the board of directors to resolve on acquisition of treasury shares**

In order to secure the transfer of Investment Shares and Performance Shares in LTIP 2021/2024, the board of directors proposes that the annual general meeting authorizes the board of directors to acquire treasury shares in accordance with the following:

- Acquisitions shall be made on Nasdaq Stockholm.
- Acquisition of not more than 98,000 shares may be made, but only so that the shares held by the Company at any point in time does not exceed one tenth of the total number of shares in the Company.
- Acquisitions may be made at a price per share corresponding to the applicable stock market price of the share at any given time.
- Acquisitions shall be made in accordance with the at the time applicable Nasdaq Stockholm regulations.
- The authorization may be exercised on one or several occasions until the next annual general meeting.

The board of directors gives the following statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act (2005:551).

In order to have the possibility to transfer shares to the participants in LTIP 2021/2024, the board of directors proposes that the annual general meeting 2021 authorizes the board of directors to acquire treasury shares. A condition for the authorization of the board of directors to acquire treasury shares is that the Company's capital cover ratio and liquidity, even after an acquisition of the Company's treasury shares, are adequate in relation to the business that the group operates in.

In the light of the Company's current position and the above-mentioned conditions, the board of directors considers the proposed authorization for the board of directors to acquire the Company's treasury shares to be defensible with regard to:

1. the requirements regarding the size of the shareholders' equity in relation to the nature, scope and risks in relation to the conducted business (both those of the Company and of the group), and
2. the consolidation requirements, liquidity and the position in general for each of the Company and the group.

**e) Resolution on transfer of treasury shares**

To ensure delivery of Investment Shares and Performance Shares in LTIP 2021/2024, the board of director proposes that the annual general meeting resolves to transfer treasury shares on the following terms and conditions:

- The Company has the right to transfer a maximum of 98,000 shares to ensure delivery of Investment Shares and Performance Shares to participants in LTIP 2021/2024.
  - The right to acquire shares, with deviation from the shareholders' preferential rights, shall belong to participants in LTIP 2021/2024, with the right for each participant to acquire a maximum of the number of shares that follow from the terms and conditions of LTIP 2021/2024.
  - The said participant's right to acquire shares may be exercised during the time that the participants with their own funds must acquire Investment Shares in the Company and during the time that the participants have the right to acquire Performance Shares according to LTIP 2021/2024. In case any of these periods would be within a so-called closed period, or other similar period during which inside information exists in the Company, the board of directors may resolve to prolong the period.
  - Transfer of treasury shares such as Investment Shares shall take place at market price and transfer of shares such as Performance Shares shall take place at a price corresponding to 70 percent of the volume-weighted average price of completed transactions in the Company's shares during the period from and including 12 May 2021 up to and including 21 May 2021 on Nasdaq Stockholm.
  - The number of shares transferred in accordance with LTIP 2021/2024 may be subject to recalculation as a result of a bonus issue, share split and/or reverse share split, rights issue or similar events that affect the number of shares in the Company.
  - The reason for the deviation from the shareholders' preferential rights in the transfer of treasury shares is to enable the Company to transfer Investment Shares and Performance Shares to the participants in LTIP 2021/2024.
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## Additional information

### Costs for the Company and effects on key figures

The board of directors estimates that LTIP 2021/2024 will incur costs partly in the form of accounting salary costs and partly in the form of social security contributions.

The accounting salary costs depend on how many Performance Shares are earned and are reported as a cost but have no effect on cash flow. Based on (i) the assumption that 100 percent of the Performance Shares included in LTIP 2021/2024 will be allocated, (ii) an assumed annual staff turnover of 5 percent, implying that 66,875 Performance Shares are earned and (iii) the assumption that 50 percent and 100 percent of the earned Performance Shares may be utilized, the accounting salary costs for Performance Shares are estimated to amount to a total of approximately SEK 3.6 million and approximately SEK 7.2 million during the period 2021-2024 based on Performance Shares' fair value at the time of calculation. Performance Shares have no market value because they are not transferable. The theoretical value of Performance Shares has been calculated using the Black & Scholes valuation model. Based on an assumed share price of SEK 350.00, an assumed exercise price of SEK 245.00, a term of 2.88 years, a risk-free interest rate of -0.24 percent, an assumed volatility of 30 percent, the value has been calculated at approximately SEK 107.59 per Performance Share.

Costs for social security contributions will be paid if the employee finally receives a positive outcome. Social security contributions depend partly on how many Performance Shares are earned and may be utilized, and partly on the value of the benefit that the participant ultimately receives, i.e. on Performance Shares' value at utilization in 2024, but also on which countries the participants reside and what percentages apply to social security contributions in these countries. Based on the same assumptions as above and an assumed share price of SEK 525.00 when utilizing Performance Shares, an assumed distribution between different countries and an assumed average percentage for social security contributions of approximately 25 percent, the costs for the social security contributions amount to approximately SEK 2.3 million and SEK 4.7 million respectively. With the same assumptions as above, but an assumed share price of SEK 700.00 when utilizing Performance Shares instead of SEK 525.00, the costs for social security contributions are estimated to amount to approximately SEK 3.8 million and approximately SEK 7.6 million, respectively.

The following is what the total (aggregate) effect on the key figure EBITA during the period 2021-2024 amounts to in the above-mentioned outcome:

**Reduction of total EBITA during the period,  
to be distributed during the length of the program, million SEK**

		Performance Share being allotted	
		50%	100%
Share price (SEK)	525	5.9	11.9
	700	7.4	14.8

The total costs for LTIP 2021/2024 will be distributed over the years 2021-2024. When all Performance Shares are earned in 2024, the costs will be distributed evenly over the period. The effect on EBITA for an individual year will therefore be part of the above total cost.

It should be noted that all calculations above are preliminary, based on assumptions and only aim to provide an illustration of the costs that LTIP 2021/2024 may entail. Actual costs may thus deviate from what is stated above.

In addition to the cost for administration, implementation and evaluation of LTIP 2021/2024, no additional costs are expected to incur in connection with LTIP 2021/2024.

### **Other share-based incentive programs**

The Company does not have any outstanding warrant programs.

### **Preparation of the proposal**

The proposal has been prepared and adopted by the board of directors. Neither the CEO, CFO nor any other person who may be covered by LTIP 2021/2024 has participated in the board of director's preparation and decision on the proposal.

### **Majority requirements**

For a valid resolution in accordance with item (a) above, shareholders representing more than half of the votes cast are required to vote in favor of the proposal.

For valid resolutions pursuant to items (b), (c) and (e) above, shareholders representing at least nine tenths of both the votes cast and the shares represented at the meeting must vote in favor of the proposals.

For a valid resolution in accordance with item (d) above, it is required that shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting must vote in favor of the proposal.

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Stockholm in April 2021  
*The Board of Directors*