

*English translation for information purposes only. If there are differences between the English translation and the Swedish original, the Swedish text will take precedence.*

## **THE BOARD OF DIRECTORS' PROPOSAL FOR LONG TERM INCENTIVE PROGRAMME 2023**

The Board of Directors considers it important, and in the interest of all shareholders, that senior managers and other key individuals, who are deemed to be important for the company's continued development be able to take part of and work for a positive value development of the company's shares and thereby achieve increased community of interest with the company's shareholders. The Long Term Incentive program for 2023 ("LTI 2023") is also expected to create conditions for retaining and recruiting competent staff to Gränges, providing competitive remuneration and reconciling the interests of shareholders and management.

The Board of Directors is of the opinion that recurring long term incentives constitutes a fundamental part of Gränges' overall incentive package and it is the Board's ambition for the now suggested LTI 2023 to be recurring and to be presented on an annual basis to the Annual General Meeting. This proposal has been prepared by the Board of Directors in consultation with external advisors.

The Board of Directors proposes that the Annual General Meeting resolves to adopt a long term incentive programme in the form of a combination of warrants (actual or synthetic) and synthetic shares LTI 2023 through (i) an issue of warrants and approving transfer of the warrants and an issue of synthetic warrants (the "Warrant Part"), and (ii) an issue of synthetic shares (the "Synthetic Part") to senior managers and other key individuals in Gränges AB (publ) and its subsidiaries in accordance with item 15a below. Should the majority requirement for item 15a below not be met, the Board of Directors proposes that the Annual General Meeting resolves on a long term incentive programme LTI 2023 in the form of a combination of call options and synthetic shares through (i) an issue of call options (the "Call Option Part"), and (ii) an issue of synthetic shares (the "Synthetic Part") to senior managers and other key individuals in the company and its subsidiaries in accordance with item 15b below.

### **The Board of Directors' proposal regarding adopting a long-term incentive programme in the form of a combination of warrants (actual or synthetic) and synthetic shares for senior managers and other key individuals (item 15a)**

#### **A. The Warrant Part**

##### *A1. Issue of warrants*

As part of LTI 2023, not more than 1,060,000 warrants shall be issued, mainly in accordance with the following terms and conditions.

- 1) The right to subscribe for new warrants shall, with deviation from the shareholders' preferential rights, be granted to the company itself. The intention is that the warrants shall be transferred to approximately 50 senior managers and other key individuals in the company and its subsidiaries in accordance with A2 below.

- 2) The reason for the deviation from the shareholders' preferential rights is that the issue is part of the adaptation of LTI 2023, whereby senior managers and other key individuals are given the opportunity to take part in a positive development in the company. The existence of such a programme is expected to increase the ability to attract and retain qualified employees.
- 3) The warrants are issued free of charge. Upon transfer of the warrants a market-based premium shall be paid, in accordance with A2.4 below.
- 4) Subscription of the warrants shall be made on a subscription list no later than August 31, 2023. The Board of Directors shall have the right to extend the subscription period.
- 5) Each warrant shall entail a right to subscribe for one (1) new share in the company at a subscription price established by the company, or by an independent appraiser or auditor firm retained by the company, corresponding to 115 per cent of the volume-weighted average price of the company's share on Nasdaq Stockholm during the ten (10) trading days immediately preceding the offer to subscribe for warrants, however not less than the quota value of the shares. The subscription price shall be rounded to the nearest one-hundredth of a Swedish krona (SEK 0.01). SEK 0.005 will be rounded up. When subscribing for shares, the part of the subscription price that exceeds the quota value of the shares shall be added to the unrestricted premium reserve.
- 6) Subscription of shares upon exercise of the warrants shall be made in accordance with the terms and conditions of the warrants during a period of ten (10) trading days from the date of publication of each respective interim report below.
  - the interim report for the period April 1 – June 30, 2026;
  - the interim report for the period July 1 – September 30, 2026;
  - the interim report for the period October 1 – December 31, 2026; and
  - the interim report for the period January 1 – March 31, 2027.

In the event that the company has not published an interim report for the period January 1 – March 31, 2027 before May 31, 2027, the warrant holders shall be entitled to subscribe for shares during a period as of June 1, 2027 up to and including June 12, 2027. Subscription of shares upon exercise of the warrants shall take place with regard to the insider legislation in force at any given time.

- 7) Shares that have been issued through exercise of warrants entail the right to dividends for the first time on the next record date for dividends that occurs after the new shares have been registered with the Swedish Companies Registration Office and the shares have been entered in the share register kept by Euroclear Sweden AB.
- 8) Special terms and conditions shall otherwise apply to the warrants. As stated in the warrant terms, the subscription price as well as the number of shares that each warrant entitles to may be recalculated in the event that the Board of Directors

decides to apply the Net strike formula (Sw. Nettostrike-formeln). Furthermore, recalculation may take place in connection with a bonus issue, reverse split or split of shares, new issue, issue of warrants or convertibles and in certain other situations. Furthermore, the time for exercise of the warrants may be brought forward or postponed in certain situations.

- 9) If all warrants are exercised for subscription of shares, the company's registered share capital will increase by SEK 1,420,162 (subject to the change that may be caused by any recalculation in accordance with the terms and conditions for the warrant).
- 10) The CEO, or any person appointed by the Board of Directors, shall be entitled to make any minor adjustments that may be required in connection with registration of the resolution with the Swedish Companies Registration Office and Euroclear Sweden AB.

*A2. Transfer of warrants to senior managers and other key individuals in the company and its subsidiaries*

As part of LTI 2023, the company shall transfer a maximum of 1,060,000 warrants as follows.

- 1) The warrants shall be transferred in accordance with the distribution set out under the heading "*Allocation of warrants and synthetic shares*" below.
- 2) Upon transfer of the warrants, the market-based premium calculated in accordance with the Black & Scholes warrant valuation model shall be paid for the warrants.<sup>1</sup>
- 3) Transfer of warrants shall be conditional on the transfer being lawfully possible and that the acquirer enters into an option agreement with the company, according to which the acquirer is obliged to offer the company to acquire the warrants in certain situations. Such an agreement shall also include a right for the company to repurchase part of the warrants from the warrant holder for the market value in order to contribute to the holder's financing at the time of the exercise of the warrants.
- 4) In order to encourage participation in the programme, a subsidy may be paid which, after deduction of tax and other applicable fees, amounts to 50 per cent of the premium paid for each warrant (the "Net Contribution"). If the participant has terminated its employment or been terminated within three years of the payment of the warrant premium, an amount corresponding to the Net Contribution shall be repaid to Gränges. The same applies if the participant has disposed of warrants acquired under LTI 2023 within a period of three years from the payment of the warrant premium. However, the repayment obligation shall be reduced in relation to how long the participant has worked in Gränges during the term of the warrants and in relation to the number of disposed warrants.

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<sup>1</sup> The market value of the warrants amounts to SEK 18 per warrant, in accordance with a preliminary valuation made based on a market value on the underlying share corresponding to SEK 100 per share and assuming an exercise price of SEK 115 per share. The Black & Scholes valuation model has been used for valuation of the warrants, assuming a risk-free interest of 3.1 per cent and a volatility of 33 per cent.

- 5) Transfer of warrants to employees outside Sweden is subject to any tax effects, that there are no legal obstacles and that the Board of Directors considers that such transfer can be made with reasonable administrative and financial resources. The Board of Directors shall have the right to make such minor adjustments of the Warrant Part as are prompted by applicable foreign laws and regulations. The Board of Directors shall also have the right to resolve that participants should instead be offered the opportunity of a similar cash-based alternative (“Synthetic Warrants”), which to the extent applicable shall track the terms of the Warrant Part.
- 6) Furthermore, the Board of Directors shall be authorised to enter into one or more share swap agreements with third parties on one or more occasions on market terms. Share swap agreements aim to hedge the financial exposure in the event that employees outside of Sweden are offered to receive Synthetic Warrants and the other possible risks that arise from the Warrant Part.

## **B. The Synthetic Part**

As part of LTI 2023, the company shall transfer a maximum of 420,000 synthetic shares in accordance with the following terms and conditions.

- 1) The synthetic shares shall be allotted in accordance with the distribution set out under the heading “*Allocation of warrants and synthetic shares*” below.
- 2) The vesting periods for the synthetic shares will run over the period July 2023 to ten (10) trading days from the date of publication of the interim report for the period January – March 2026 (the “Vesting period”) and payment is made proportionately on an annual basis over a period of three years provided that the individual remains in the Gränges Group’s employ.
- 3) Gränges’ finance department is responsible for maintaining a register of funds allocated within the framework of the Synthetic Part and for proposing payouts for approval by Gränges’ Board of Directors.
- 4) The value of the synthetic shares is calculated as follows:
  - a. Dividends: Dividends during the respective part of the Vesting period is reinvested in additional synthetic shares. The reinvestment amount is calculated as the dividend in SEK divided by the closing price on the dividend date.
  - b. Ending value: The volume-weighted average price of the company’s share on Nasdaq Stockholm during a period of ten (10) trading days from the date of publication of each respective interim report for the period January – March of the years 2024, 2025 and 2026.
- 5) Payments take place during 2024, 2025 and 2026 and will only be made to participants who, at the time of the payment, haven’t terminated or been terminated from their employment, provided that no local laws or regulations exist entitling participants to payouts. Deviations from this principle (so-called “good leaver”

agreements) must be approved by Gränges' Board of Directors.

- 6) In the event of death or retirement occurring during a Vesting period, the participant will be assigned a proportionate payout corresponding to actual working period in relation to the Vesting period, provided that no local laws or regulations exist entitling the participant to a different pay out. The value is then calculated based on the closing price on the last trading day of the month before the date of death or retirement. Assigned amount is paid through a cash payment no later than two months from the date of death or retirement.
- 7) If a participant is absent due to illness or any other reason for a period of more than three months in total during any Vesting period, the participant will be allocated a proportional payout for the actual working period relative to the respective part of the Vesting period, provided that no local laws or regulations exist entitling the participant to a different payout.
- 8) Payouts will as a rule not be regarded as pensionable income. In cases where pension plans define payouts as pensionable income, the payout will be reduced as follows.
  - a. Defined contribution pension plans: The payout is reduced by an amount equivalent to the premium in the defined contribution pension plan.
  - b. Defined benefit pension plans: The payout is reduced by a factor aimed at achieving a cost-neutral solution for Gränges.
- 9) The Board of Directors is entitled to adjust (i) the terms and conditions to comply with legal requirements, regulations et cetera and (ii) the payout in the event significant changes take place that affect the Gränges Group or its business environment, resulting in a situation where the terms and conditions are deemed inappropriate or to give an unreasonable result.
- 10) Furthermore, the Board of Directors shall be authorised to enter into one or more share swap agreements with third parties on one or more occasions on market terms. Share swap agreements aim to hedge the company's financial exposure and the other possible risks that arise from the Synthetic Part.

#### **Allocation of warrants and synthetic shares**

The maximum allocation of the total number of warrants and synthetic shares is set out below. If participants refrain from acquiring the offered warrants in whole or in part, such unacquired warrants shall be distributed pro rata among allotment holders, who have expressed a written interest in acquiring additional warrants, in accordance with the allocation basis set out below. Through this method, the person entitled to acquire warrants will not be able to acquire more than an additional 50 per cent of the originally offered number of warrants. Any unacquired synthetic shares will lapse and will not be distributed among allotment holders.

LTI 2023 shall cover approximately 50 senior managers and other key individuals. The number of warrants and synthetic shares offered to each employee shall vary depending on the responsibility and position of the respective employee. Some positions only qualify for synthetic shares.

	Maximum allocation per individual	
	Warrants (before over allotment)	Synthetic shares
CEO	180,000	30,000
Group management team	90,000	30,000
Other key individuals	30,000	10,000

The Board of Directors shall determine the final allocation in accordance with the principles set above.

### Purpose of LTI 2023

The Board of Directors considers it important, and in the interest of all shareholders, that senior managers and other key individuals, who are deemed to be important for the company's continued development, should be able to take part of and work for a positive value development of the company's shares and thereby achieve increased community of interest with the company's shareholders. The Synthetic Part enables participants remuneration in line with market terms and at the same time stimulate a long-term commitment to Gränges by linking the participants' remuneration to the interests of the shareholders, through a remuneration structure that correspond to an ownership of synthetic shares in Gränges. Furthermore, the Warrant Part contributes to executives increasing their shareholding in the company in the long term. LTI 2023 is also expected to create conditions for retaining and recruiting competent staff to Gränges, providing competitive remuneration and reconciling the interests of shareholders and management.

In relation to the Warrant Part, the reason for the deviation from the shareholders' preferential rights is that the issue is part of the adaptation of LTI 2023, whereby senior managers and other key individuals are given the opportunity to take part in a positive development in the company. The existence of such a programme is expected to increase the ability to attract and retain qualified employees.

### Costs for LTI 2023

LTI 2023 has been prepared in consultation with external advisors and the costs for this advice are estimated to amount to no more than SEK 0.5 million. In addition to the cost for this advice, certain administrative costs are expected to arise which are expected to have a marginal impact on the company's key figures.

The Warrant Part is not estimated to entail any net costs for the company as the subsidy paid by the company in the amount of SEK 20 million, including social contributions of 31 per cent, will correspond to the option premium paid by the participants.<sup>2</sup>

Costs related to the Synthetic Part are estimated to amount to maximum SEK 30 million, excluding social contributions, accounted in accordance with IFRS 2 based on the following assumptions: (i) that 420,000 synthetic shares are allotted, (ii) that the share price, at the beginning of LTI 2023, is SEK 100 per share, (iii) an annual dividend of SEK 2.50 per share and (iv) an estimated annual turnover of personnel of 7 per cent. Based on the same assumptions as above, and subject to social contributions of 31 per cent, and a share price increase of 10 per cent until the ending point of 2024, 20 per cent until the ending point of 2025 and 30 per cent until the ending point of 2026, the costs for social contributions are

<sup>2</sup> After deduction of tax and other applicable fees that the participants are subject to, the subsidy will amount to 50 per cent of the option premium.

estimated to amount to SEK 11 million. The total cost, including costs according to IFRS 2, is therefore estimated to a maximum of SEK 41 million. Should the Board of Directors however exercise its authorisation to enter into share swap agreements with third parties to hedge the company's financial exposure relating to the Synthetic Part, it is estimated that the swap arrangements would entail additional costs for the company in the amount of maximum SEK 3 million.

In total, the cost of LTI 2023 is estimated to amount to SEK 14 million per year.

#### **Dilution**

Based on the number of shares and votes in the company as of the date of the notice, the dilution as a result of the Warrant Part, assuming that all warrants are exercised for subscription of shares will be approximately 1 per cent of both the shares and the votes. The percentage dilution has been calculated according to the formula (number of new shares/total number of shares after exercise of warrants). The Synthetic Part will not result in any dilution.

#### **Majority requirements**

A resolution in accordance with the proposal requires that the resolution is supported by shareholders with at least nine-tenths (9/10) of both the votes cast and the shares represented at the Annual General Meeting.

#### **Other outstanding share-related incentive programmes**

In order to stimulate long-term involvement, senior managers were offered long-term incentive programmes (LTI 2020, LTI 2021 and LTI 2022) following the adoption of the resolutions by the Annual General Meetings for 2020, 2021 and 2022. The programmes are for a term of three years. An amount corresponding to the outcome of the STI for the corresponding year for each participant is reserved in a separate, so-called, LTI bank. Provided that employment with the Gränges Group has not terminated, the amount is paid out at a rate of one-third per year, adjusted to take into account the total return on the Gränges share. Senior managers and other members of the Group Management were in 2020 and 2022 offered to participate in a long-term investment programme ("IP 2020" and "IP 2022", respectively), which are investment programmes aimed at increasing exposure to the Gränges share. The participants in IP 2020 and IP 2022, respectively, invested an amount corresponding up to 50 per cent of an annual basic salary before tax in call options and shares (IP 2020) as well as warrants (IP 2022) and received in connection thereto a cash contribution which, after tax, amounts to 50 per cent of the annual basic salary, which in the programme is called the "Net Contribution". If the participant has resigned or the participant's employment has been terminated within three years from the date of payment of the Net Contribution, the contribution has to be refunded to Gränges.

#### **The Board of Directors' proposal regarding adopting a long-term incentive programme in the form of a combination of call options and synthetic shares for senior managers and other key individuals (item 15b)**

If the Annual General Meeting does not resolve in accordance with the Board of Directors' proposal regarding adopting a long term incentive programme in the form of a combination of call options and synthetic shares in accordance with item 15a above, the Board of Directors proposes that the Annual General Meeting resolves to approve that the company transfers a maximum of 1,060,000 call options and 420,000 synthetic shares in accordance



with the following terms and conditions.

#### **A. The Call Option Part**

##### *Terms and conditions for the call options*

As part of LTI 2023, not more than 1,060,000 call options shall be issued, mainly in accordance with the following terms and conditions.

- 1) Not more than 1,060,000 call options shall be issued, which corresponds to approximately 1 per cent of the total number of shares and votes in the company as of the date of the notice. The Call Option Part does not entail any dilution for existing shareholders as it is based on call options regarding already issued shares in the company.
- 2) The right to acquire the call options shall be granted to approximately 50 senior managers and other key individuals in the company and its subsidiaries in accordance with the distribution set out under the heading "Allocation of call options and synthetic shares" below.
- 3) The call options shall be acquired at a premium corresponding to the market value of the call options calculated in accordance with the Black & Scholes option valuation model.<sup>3</sup>
- 4) Notification of acquisition of call options shall be made no later than August 31, 2023. The Board of Directors shall have the right to extend the subscription period.
- 5) Each call option entitles a right to acquire one (1) share in the company at an exercise price established by the company, or by an independent appraiser or auditor firm retained by the company, corresponding to 115 percent of the volume-weighted average price of the company's share on Nasdaq Stockholm during the ten (10) trading days immediately preceding the offer to acquire the call options. The exercise price shall be rounded to the nearest one-hundredth of a Swedish krona (SEK 0.01). SEK 0.005 will be rounded up.
- 6) Acquisitions of shares upon on exercise of the call options shall be made during a period of ten (10) trading days from the date of publication of each respective interim report below.
  - the interim report for the period April 1 – June 30, 2026;
  - the interim report for the period July 1 – September 30, 2026;
  - the interim report for the period October 1 – December 31, 2026; and
  - the interim report for the period January 1 – March 31, 2027.

In the event that the company has not published an interim report for the period January 1 – March 31, 2027 before May 31, 2027, the option holders shall be

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<sup>3</sup> The market value of the call options amounts to SEK 18 per call options, in accordance with a preliminary valuation made based on a market value on the underlying share corresponding to SEK 100 per share and assuming an exercise price of SEK 115 per share. The Black & Scholes valuation model has been used for valuation of the call options, assuming a risk-free interest of 3.1 per cent and a volatility of 33 per cent.



entitled to acquire shares during a period as of June 1, 2027 up to and including June 12, 2027. Acquisitions of shares upon exercise of the call options shall take place with regard to the insider legislation in force at any given time.

- 7) The call options are freely transferable. The acquisition of call options shall be conditional on the participant entering into an option agreement with the company, according to which the participant is obliged to offer the company to acquire the call options in certain situations. Such an agreement shall also include a right for the company to repurchase part of the call options from the option holder for the market value in order to contribute to the holder's financing at the time of the exercise of the call options.
- 8) The exercise price as well as the number of shares in the company that each call option entitles to may be recalculated in accordance with stock market principles due to, among other things, bonus issue, reverse split or split of shares, new issues, extraordinary dividends, reduction of the share capital or similar measures so that the participant receives equivalent rights as before the event. The exercise price and the number of shares that each call option entitles to may also be recalculated in the event that the Board of Directors decides to apply a so-called Net strike formula, which means that the participant may subscribe for fewer shares at the quota value of the shares when exercising the call options. Furthermore, the time for exercise of the call options may be brought forward or postponed in certain cases. For example, the time of exercise of the call options may be brought forward in the event of a public takeover bid.
- 9) In order to encourage participation in the programme, a subsidy may be paid which, after deduction of tax and other applicable fees, amounts to 50 percent of the premium paid for each call option ("Net Contribution"). If the participant has terminated his employment or been terminated within three years of the payment of the option premium, an amount corresponding to the Net Contribution shall be repaid to Gränges. The same applies if the participant has disposed of call options acquired under LTI 2023 within a period of three years from the payment of the option premium. However, the repayment obligation shall be reduced in relation to how long the participant has worked in Gränges during the term of the call options and in relation to the number of disposed call options.
- 10) The issue of call options to employees outside Sweden is subject to any tax effects, that there are no legal obstacles and that the Board of Directors considers that such allocation can be made with reasonable administrative and financial resources. The Board of Directors shall have the right to make such minor adjustments of the Call Option Part as are prompted by applicable foreign laws and regulations. The Board of Directors shall also have the right to resolve that participants instead be offered the opportunity of a similar cash-based alternative.

No new shares will be issued by the company in respect of the shares that may be acquired by the participants through the exercise of issued call options. The shares will instead be delivered by authorising the Board of Directors to, on one or more occasions, enter into one or more share swap agreements with third parties on market terms, through which the third party in its own name acquires and transfers shares to the participants. Share swap agreements also aim to hedge the financial

exposure in the event that employees outside of Sweden are offered a similar cash-based alternative to the programme, and the other possible risks that arise from the Call Option Part.

- 11) Within the framework of the above-mentioned terms and conditions and guidelines, the Board of Directors shall be responsible for the detailed establishment and management of the Call Option Part.

## **B. The Synthetic Part**

As part of LTI 2023, the company shall transfer a maximum of 420,000 synthetic shares in accordance with the following terms and conditions.

- 1) The synthetic shares shall be allotted in accordance with the distribution set out under the heading "*Allocation of call options and synthetic shares*" below
- 2) The vesting periods for the synthetic shares will run over the period from July 2023 to ten (10) trading days from the date of publication of the interim report for the period January – March 2026 (the "Vesting period") and payment is made proportionately on an annual basis over a period of three years provided that the individual remains in the Gränges Group's employ.
- 3) Gränges' finance department is responsible for maintaining a register of funds allocated within the framework of the Synthetic Part and for proposing payouts for approval by Gränges' Board of Directors.
- 4) The value of the synthetic shares is calculated as follows:
  - a. Dividends: Dividends during the respective part of the Vesting period is reinvested in additional synthetic shares. The reinvested amount is calculated as the dividend in SEK divided by the closing price on the dividend date.
  - b. Ending value: The volume-weighted average price of the company's share on Nasdaq Stockholm during a period of ten (10) trading days from the date of publication of each respective interim report for the period January – March of the years 2024, 2025 and 2026.
- 5) Payments take place during 2024, 2025 and 2026 and will only be made to participants who, at the time of the payment, haven't terminated or been terminated from their employment, provided that no local laws or regulations exist entitling participants to payouts. Deviations from this principle (so-called "good leaver" agreements) must be approved by Gränges' Board of Directors.
- 6) In the event of death or retirement occurring during a Vesting period, the participant will be assigned a proportionate payout corresponding to actual working period in relation to the Vesting period, provided that no local laws or regulations exist entitling the participant to a different payout. The value is then calculated based on the closing price on the last trading day of the month before the date of death or retirement. Assigned amount is paid through a cash payment no later than two months from the date of death or retirement.
- 7) If a participant is absent due to illness or any other reason for a period of more than

three months in total during any Vesting period, the participant will be allocated a proportional payout for the actual working period relative to the respective part of the Vesting period, provided that no local laws or regulations exist entitling the participant to a different payout.

- 8) Payouts will as a rule not be regarded as pensionable income. In cases where pension plans define payouts as pensionable income, the payout will be reduced as follows.
  - a. Defined contribution pension plans: The payout is reduced by an amount equivalent to the premium in the defined contribution pension plan.
  - b. Defined benefit pension plans: The payout is reduced by a factor aimed at achieving a cost-neutral solution for Gränges.
  
- 9) The Board of Directors is entitled to adjust (i) the terms and conditions to comply with legal requirements, regulations et cetera and (ii) the payout in the event significant changes take place that affect the Gränges Group or its business environment, resulting in a situation where the terms and conditions are deemed inappropriate or to give an unreasonable result.
  
- 10) Furthermore, the Board of Directors shall be authorised to enter into one or more share swap agreements with third parties on one or more occasions on market terms. Share swap agreements aim to hedge the company's financial exposure and the other possible risks that arise from the Synthetic Part.

#### **Allocation of call options and synthetic shares**

The maximum allocation of the total number of call options and synthetic shares is set out below. If participants refrain from acquiring the offered call options in whole or in part, such unacquired call options shall be distributed pro rata among allotment holders, who have expressed a written interest in acquiring additional call options, in accordance with the allocation basis set out below. Through this method, the person entitled to acquire call options will not be able to acquire more than an additional 50 per cent of the originally offered number of call options. Any unacquired synthetic shares will lapse and will not be distributed among allotment holders.

LTI 2023 shall cover approximately 50 senior managers and other key individuals. The number of call options and synthetic shares offered to each employee shall vary depending on the responsibility and position of the respective employee. Some positions only qualify for synthetic shares.

	Maximum allocation per individual	
	Call options (before over allotment)	Synthetic shares
CEO	180,000	30,000
Group management team	90,000	30,000
Other key individuals	30,000	10,000

The Board of Directors shall determine the final allocation in accordance with the principles set above.

#### **Purpose of LTI 2023**

The Board of Directors considers it important, and in the interest of all shareholders, that

senior managers and other key individuals, who are deemed to be important for the company's continued development, should be able to take part of and work for a positive value development of the company's shares and thereby achieve increased community of interest with the company's shareholders. The Synthetic Part enables participants remuneration in line with market terms and at the same time stimulate a long-term commitment to Gränges by linking the participants' remuneration to the interests of the shareholders, through a remuneration structure that correspond to an ownership of synthetic shares in Gränges. Furthermore, the Call Option Part contributes to executives increasing their shareholding in the company in the long term. LTI 2023 is also expected to create conditions for retaining and recruiting competent staff to Gränges, providing competitive remuneration and reconciling the interests of shareholders and management.

### **Costs for LTI 2023**

LTI 2023 has been prepared in consultation with external advisors and the costs for this advice are estimated to amount to no more than SEK 0.5 million. In addition to the cost for this advice, certain administrative costs are expected to arise which are expected to have a marginal impact on the company's key figures.

Costs related to the Call Option Part are estimated to amount to maximum SEK 15 million, mainly related to the costs for the Board of Directors for entering into share swap agreements with third parties to deliver shares. The subsidy in the amount of SEK 20 million is not estimated to entail any net costs for the company as the subsidy, including social contributions of 31 per cent, will correspond to the option premium paid by the participants.<sup>4</sup>

Costs related to the Synthetic Part are estimated to amount to maximum SEK 30 million, excluding social contributions, accounted in accordance with IFRS 2 based on the following assumptions: (i) that 420,000 synthetic shares are allotted, (ii) that the share price, at the beginning of LTI 2023, is SEK 100 per share, (iii) an annual dividend of SEK 2.50 per share and (iv) an estimated annual turnover of personnel of 7 per cent. Based on the same assumptions as above, and subject to social contributions of 31 per cent, and a share price increase of 10 per cent until the ending point of 2024, 20 per cent until the ending point of 2025 and 30 per cent until the ending point of 2026, the costs for social contributions are estimated to amount to SEK 11 million. The total cost, including costs according to IFRS 2, is therefore estimated to a maximum of SEK 41 million. Should the Board of Directors however exercise its authorisation to enter into share swap agreements with third parties to hedge the company's financial exposure relating to the Synthetic Part, it is estimated that the swap arrangements would entail additional costs for the company in the amount of maximum SEK 3 million.

In total, the cost of LTI 2023 is estimated to amount to SEK 19 million per year.

### **Dilution**

LTI 2023 will not result in any dilution.

### **Majority requirements**

The resolution under this item 15b on the agenda is conditional on the Annual General Meeting not resolving in accordance with the Board of Directors' proposal under item 15a on the agenda.

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<sup>4</sup> After deduction of tax and other applicable fees that the participants are subject to, the subsidy will amount to 50 per cent of the option premium.

For resolutions in accordance with the proposal under this item, the resolution must be supported by shareholders with at least half of both the votes cast and the shares represented at the Annual General Meeting.

**Other outstanding share-related incentive programmes**

For a description of other outstanding share-related incentive programmes in Gränges, please see “*Other outstanding share-related incentive programmes*” above.

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Stockholm in April 2023

**Gränges AB (publ)**

*The Board of Directors*