

**The Board of Directors' of Hexatronic Group AB (publ) (the "Company") proposal that the Annual General Meeting resolves on (A.) the adoption of a performance-based share savings programme ("LTIP 2023") aimed at the Group's (the "Hexatronic Group") senior executives and key employees employed in Sweden, and (B.) directed issue of convertible shares of series C, authorisation for the Board of Directors to resolve on repurchases of all issued redeemable and convertible shares of series C and approval of transfer of own ordinary shares to participants**

### **A. Introduction of LTIP 2023**

The Board of Directors of the Company proposes that the Annual General Meeting resolves to adopt a long-term incentive programme in the form of a performance-based share savings program directed at the Group's senior executives and other key employees employed in Sweden ("**Participants**"). LTIP 2023 is proposed to include a maximum of forty-five (45) Participants. Participants in LTIP 2023 must have contributed a private investment through the acquisition of shares in the Company ("**Saving Shares**"). Subsequently, after a three-year vesting period commencing on the date of entering into an agreement to participate in LTIP 2023 (the "**Vesting Period**"), Participants will be given the opportunity to receive ordinary shares ("**Performance Shares**") free of charge, subject to the main terms and conditions set forth below. Within the LTIP 2023, the Company will award Participants conditional share rights ("**Share Rights**"), meaning the right, subject to certain conditions being met, to receive up to six (6) Performance Shares per Share Right free of charge.

#### *Background*

The Company's Board of Directors is of the opinion that a performance-based share savings program contributes to higher motivation and commitment among employees and strengthens the bonds between the employees and the Company. Furthermore, it is the Board's assessment that LTIP 2023 will contribute to the opportunities to recruit and retain knowledgeable and experienced employees who hold key positions in the Hexatronic Group and are expected to increase employee interest in the business and earnings development in the Company. LTIP 2023 has been designed on the basis that it is desirable that senior executives and other key employees within the Hexatronic Group are shareholders in the Company and LTIP 2023 rewards the continued loyalty of employees and thereby the long-term value growth in the Company. All in all, it is the Board's assessment that LTIP 2023 will benefit both the employees and the Company's shareholders through an increased share value.

#### *Private investment*

In order to participate in LTIP 2023, the Participant must have contributed with a private investment through the acquisition of Saving Shares. The shares shall have been acquired at market prices during the period between 15 May 2023 and 30 June 2023 for the purpose of being allocated to LTIP 2023, unless the Board of Directors allows exceptions in the individual case regarding shares acquired previously. The Board of Directors also has the right to thereafter, for individual additional Participants (new employees or promoted),

postpone the last day for the acquisition of Savings Shares (see more below under “*Additional participants*”).

The maximum number of Saving Shares that a Participant can allocate to LTIP 2023 amounts to a rounded number of shares corresponding to a maximum of ten (10) per cent of the Participant’s annual gross basic salary calculated on the basis of the 2023 salary level and depending on the position in the Hexatronic Group. The minimum number of Saving Shares that a Participant must acquire to participate in LTIP 2023 shall correspond to a market value of at least five (5) per cent of the annual gross basic salary. For each Saving Share held within the LTIP 2023, the Company will grant Participants a Share Right, meaning the right, subject to certain conditions being met, to receive up to two, four or six Performance Shares per Share Right free of charge, depending on the position in the Hexatronic Group.

*Terms and conditions*

In addition to the requirement that the Participant’s employment and holding of Saving Shares shall continue throughout the Vesting Period, certain performance-based conditions linked to diluted earnings per share, Hexatronic Group growth and EBITA are imposed for the allotment of Performance Shares to the Participants.

The Participants are divided into three categories and LTIP 2023 will involve the allocation of the maximum number of Performance Shares per Saving Share as follows:

<b>Category</b>	<b>Maximum number of Performance Shares per Saving Share</b>
CEO and the management team (a total of approximately 10 persons)	6
Other senior executives (a total of approximately 25 persons)	4
Other key employees (a total of approximately 10 persons)	2

Allotment free of charge of Performance Shares is, in addition to what is stated in the paragraph above, conditional on the achievement of the performance targets set by the Board of Directors. For maximum allotment of Performance Shares, it is required that the goals set by the Board of Directors are achieved or exceeded. The performance targets refer to (i) diluted earnings per share for the respective financial year 2023-2025 (the “**Share Target**”), (ii) net sales growth for each financial year 2023-2025 (the “**Growth Target**”); and (iii) EBITA for the respective financial year 2023-2025 (the “**EBITA Target**”) (collectively, the “**Performance Targets**”), whereby the respective Performance Targets shall be weighted by 1/3 each.

If the minimum level is not reached, no Performance Shares related to the current Performance Target for the financial year will be vested and if the upper target level is reached, all Performance Shares arising from the current Performance Target for the financial year will be earned. In the event of an outcome between the minimum level and the upper target level, the earnings of the Performance Shares arising from the current Performance Target for the financial year will be made linearly. The final number of Performance Shares earned by each Participant shall be rounded down to the nearest whole number.

#### The Share Target

The Share Target relates to the development of the Company's diluted earnings per share during the period from the date of the Annual General Meeting 2023 up to and including 31 December 2025. For each financial year, a minimum level and a maximum level of earnings per share have been set for the allotment of Performance Shares. In the event of an outcome between the minimum level and the upper target level, earnings of the Performance Shares arising from the current Performance Target for the financial year will be made linearly in the range of SEK 4.40–5.40 earnings per share (financial year 2023), SEK 5.20–6.20 earnings per share (financial year 2024), SEK 6.10–7.10 earnings per share (financial year 2025).

#### The Growth Target

The Growth Target for each financial year has been set by the Board of Directors as a percentage measure of increased sales per financial year during LTIP 2023 compared to the Company's established net sales for the financial year 2022. For each financial year, a minimum level and an upper target level have been set corresponding to twenty (20) per cent and forty (40) per cent, respectively, for 2023, fifteen (15) per cent and twenty-five (25) per cent, respectively, for 2024 and fifteen (15) per cent and twenty-five (25) per cent, respectively, for 2025.

#### The EBITA Target

The EBITA Target for each financial year has been set by the Board of Directors as a percentage measure of increased EBITA per financial year during LTIP 2023 compared to the Company's established EBITA for the financial year 2022. For each year, a weighted minimum level has been set for each financial year, which for the financial years 2023, 2024 and 2025 corresponds to twelve (12.0) per cent and a weighted upper target level of eighteen (18.0) per cent, respectively.

#### *Terms and conditions of the Share Rights*

In addition to what is stated above, the following conditions shall apply to the Share Rights under LTIP 2023:

- (a) The Participant must acquire the Saving Shares prior to the beginning of the Vesting Period or, in the case of subsequent additional Participants, at the time determined by the Company's Remuneration Committee.

- (b) The Share Rights are vested during the Vesting Period or, in the case of subsequent additional Participants, proportionately, rounded down, calculated linearly on a full-year basis depending on when the additional Participant joins LTIP 2023.
- (c) The Share Rights cannot be transferred or pledged.
- (d) Each Share Right entitles the Participant, under certain conditions, to receive up to six Performance Shares free of charge, depending on the position within the Hexatronic Group (*see more on this above under "Terms and Conditions"*), after the end of the Vesting Period, provided that, subject to certain exceptions, the Participant has been employed in the Hexatronic Group during the Vesting Period and retains his or her original Saving Shares in the Company.

#### *Additional participants*

In the event that a Participant, following a resolution by the Company's Remuneration Committee, is added after 30 June 2023, when calculating the maximum number of Saving Shares that the Participant may acquire, the Participant's annual gross basic salary at the current time and a share price corresponding to the average of the average volume-weighted purchase price of the Company's share on Nasdaq Stockholm during a period of ten trading days after the announcement of the quarterly report for the Company that is published immediately before the decision to allow the additional Participant to participate, rounded to the nearest SEK 0.10.

For Saving Shares held by additional Participants within the LTIP 2023, the Company will award Share Rights proportionately, rounded down, calculated linearly on a full-year basis depending on when the additional Participant joins LTIP 2023. Additional Participants will be allotted Performance Shares no earlier than three (3) years after the Participant entered into an agreement to join LTIP 2023.

#### *Allotment of Performance Shares*

In order to be able to complete LTIP 2023 in a cost-effective and flexible manner, the Board of Directors proposes that the Annual General Meeting resolves, in accordance with item B below, that the Company's commitments for delivery of and costs attributable to Performance Shares are primarily secured through a directed issue of a maximum of 261,071 shares of series C to Danske Bank A/S, Danske Bank filial Sverige (the "**Bank**"), of which a maximum of 62,417 class C shares may be issued to cover any social security contributions, with subsequent repurchases and conversion into ordinary shares and decisions on the transfer of own ordinary shares to senior executives and other key employees within the Hexatronic Group.

The Board of Directors proposes that the Annual General Meeting resolves that a maximum of 198,654 ordinary shares may be transferred to Participants in accordance with LTIP 2023 and that a maximum of 62,417 ordinary shares may be transferred on the market to secure social security contributions in connection with LTIP 2023 ("**Hedging Shares**").

#### *Costs for LTIP 2023*

Costs for LTIP 2023 are calculated in accordance with IFRS2 and are reported over the income statement.

The cost is reported linearly over the Vesting Period.

Based on the assumptions that LTIP 2023 will be fully subscribed by forty-five (45) Participants, that all of these invest the maximum amount allowed in Saving Shares in LTIP 2023, that the share price amounts to SEK one hundred and thirty-eight (138) at the time of investment, and that all Saving Shares remain at LTIP 2023's end, this means a total cost for LTIP 2023 of approximately SEK 32 million, provided that the Performance Targets are fully achieved.

The above amount also includes social security contributions, which are currently payable at a nominal rate of 31.42 per cent. With an assumed share price at LTIP 2023's end of SEK two hundred seven (207) and otherwise with conditions as above, the social security contributions are estimated to amount to approximately SEK thirteen (13) million, provided that the Performance Targets are fully achieved.

If the Performance Targets are achieved so that half of the Performance Shares are allocated to the Participants, the corresponding total cost is estimated to amount to SEK 15.2 million. LTIP 2023 has no limit on maximum profit for Participants and therefore no maximum cost of social security contributions can be calculated.

#### *Effects on key performance indicators and dilution*

LTIP 2023 is expected to comprise a maximum of 198,654 Performance Shares and 62,417 Hedging Shares for social security contributions, excluding the Saving Shares, corresponding to approximately 0.13 per cent of the Company's total number of outstanding shares after full exercise of ongoing and now resolved incentive programme.

Outstanding rights to shares under previous long-term incentive programmes and the proposed long-term incentive programme amount to approximately 2.51 per cent of the Company's total number of outstanding shares upon full exercise.

Ongoing incentive programmes including LTIP 2023 are expected to have only marginal impact on significant key performance indicators.

#### *Additional ongoing share-based incentive programmes*

For a description of the Company's ongoing long-term incentive programmes, please refer to the Annual Report for 2022 which is available on the Company's website, <https://group.hexatronic.com/>.

#### *Preparation of the proposal*

LTIP 2023 has been prepared by the Board of Directors in consultation with the remuneration committee and external advisers.

The Board of Directors or a special committee set up by the Board of Directors shall be responsible for the detailed design and management of the terms and conditions for LTIP 2023, in accordance with the above-mentioned terms and conditions including provisions on recalculation in the event of an in-between bonus issue, share split, rights issue and/or other similar events. In connection therewith, the Board of Directors shall have the right to make adjustments to meet specific market conditions. The Board of Directors shall also have the right to make other adjustments if there are significant changes in the Hexatronic Group or its operating environment that would result in the adopted terms and conditions for LTIP 2023 no longer fulfilling its purposes.

**B. Directed issue of convertible shares of series C, authorisation for the Board of Directors to resolve on the repurchase of all issued redeemable and convertible shares of series C, and transfer of own ordinary shares to Participants in accordance with LTIP 2023**

In order to be able to carry out LTIP 2023 in a cost-effective and flexible manner, the Board of Directors proposes that the Company's commitments for delivery of and costs attributable to Performance Shares be secured primarily through a directed issue of convertible shares of series C, with subsequent repurchases and conversion into ordinary shares and resolution on the transfer of own ordinary shares to Participants, as set out in Appendix A.

**Majority requirements and special authorisations**

The Board of Directors' proposal for resolutions in accordance with A – B above constitute a package, as the various proposals are dependent on and strongly linked to each other. Therefore, it is proposed that the Annual General Meeting make a single resolution in connection with the abovementioned proposals, in compliance with the majority requirement specified in Chapter 16, Section 8 of the Swedish Companies Act, meaning that the resolution shall be supported by shareholders representing at least nine tenths (9/10) of both the votes cast and the shares represented at the meeting.

The Board of Directors proposes that the Annual General Meeting instruct the Board of Directors to implement the decision above and to ensure that the Board of Directors transfers the Performance Shares in accordance with what is stated above. The Board further proposes that the Annual General Meeting instruct the Board, or whomever the Board appoints, to make such minor adjustments in the abovementioned proposed resolution that may prove necessary in connection with registration with the Swedish Companies Registration Office.

---

Gothenburg in April 2023  
**Hexatronic Group AB (publ)**  
*The Board of Directors*

## Appendix A

### **The Board of Directors' of Hexatronic Group AB (publ) proposal for a resolution on a directed issue of convertible shares of series C, authorisation for the Board of Directors to resolve on the repurchase of all issued shares of series C, and approval of the transfer of own ordinary shares to participants (item 16)**

---

The Board of Directors proposes that the Annual General Meeting resolves to issue not more than 261,071 class C shares, as a result of which the Company's share capital may increase by a maximum of SEK 2,610.71. The following conditions shall apply.

1. The right to subscribe for the shares shall, with deviation from the shareholders' preferential rights, vest with Danske Bank A/S, Danske Bank filial Sverige.
2. Subscription of shares shall be made on the subscription list no later than 30 June 2023, with the right for the Board of Directors to extend the subscription period.
3. For each subscribed share, SEK 0.01 shall be paid, in total no more than SEK 2,610.71, which corresponds to the quota value of the shares. Payment shall be made in cash when subscribing for the shares, with the right for the Board of Directors to extend the time for payment.
4. The new class C shares shall be entitled to one-tenth (1/10) vote and shall not be eligible for dividends.

The new class C shares shall be subject to reservations in accordance with Chapter 4. Section 6 (conversion reservation) of the Swedish Companies Act (2005:551).

The Board of Directors also proposes that the Annual General Meeting resolves to authorise the Board of Directors, during the period until the next Annual General Meeting, on one or more occasions, to decide on the repurchase of own shares of series C. Repurchases may only be made through an acquisition offer directed to all owners of class C shares and shall include all outstanding shares of series C. Acquisitions shall be made at a price corresponding to the share's quota value and payment shall be made in cash. The Board of Directors shall have the right to determine other terms and conditions for the repurchase. The reasons for the deviation from the shareholders' preferential rights in the proposed new share issue and the purpose of the proposed repurchase authorisation are to ensure delivery of shares to the Participants in accordance with LTIP 2023 and to cover any social security contributions due to the incentive programme.

The Board of Directors further proposes that the Annual General Meeting resolves that class C shares that the Company acquires pursuant to the authorisation to repurchase, in accordance with the above, after conversion into ordinary shares, may be transferred to the participants in LTIP 2023 or transferred on Nasdaq Stockholm, at a price within the registered price interval at any given time, to cover any social security contributions due to the incentive programme.

The number of shares that can be transferred is subject to recalculation as a result of an in-between bonus issue, share split, rights issue and/or other similar events. The Board's opinion according to Chapter 19. Section 22 of the Companies Act is available together with the proposal.

Furthermore, it is proposed that the Board of Directors, or whoever the Board of Directors appoints, be authorized to make any minor adjustments to the resolution that are required for registration with the Swedish Companies Registration Office.