

Proposal by the Board of Directors for resolution at the Annual General Meeting on 23 May 2024 regarding adoption of a long-term incentive programme for senior executives based on performance shares

Background and motivation

The board of directors proposes that the Annual General Meeting resolves to establish a long-term incentive programme for current and future members of the Company's group management and other senior executives (the "Participants") based on performance shares ("PSP 2024") in accordance with the proposal below.

The purpose of PSP 2024 is to align the interests of the Company's shareholders and the Participants by encouraging the Participants to build up a long-term shareholding in the Company. The Board of Directors considers that an incentive programme based on performance shares, with significant own investment and a clear performance and sustainability link, will increase the Participants' motivation and commitment to the Company and their interest in the Company's long-term success. The programme is also expected to strengthen the possibilities to recruit and retain key personnel and is better adapted to participants outside Sweden.

The Board of Directors will evaluate participation in and the initial effects of PSP 2024 and then decide whether incentive programmes with a similar structure should be proposed annually.

Description of PSP 2024

PSP 2024 is proposed to include all current and future members of the group of Participants, maximum 12 persons. It is proposed that the programme, which entails a requirement for own investment in shares, shall consist of performance shares to be allotted to the Participants depending on the extent to which the performance conditions are fulfilled. According to the proposal, PSP 2024 may comprise a maximum of 102,375 shares of series B in the Company, which corresponds to approximately 0.20 per cent of all outstanding shares and 0.18 per cent of the votes in the Company at the date of issue of this notice, before any recalculations due to the corporate events stated below.

In order to be able to implement PSP 2024 in a cost-effective and flexible manner, the Board of Directors has considered different methods for transferring Class B shares in the Company. The Board of Directors has concluded that the most cost-effective alternative is, and therefore proposes as main alternative that the Annual General Meeting resolves to authorise the Board of Directors to decide to transfer, free of charge, Class B shares in the Company already held by the Company, to the Participants. The detailed conditions for the board of director's main alternative are set out in item C. below.

In the event that the required majority under item C. below cannot be reached, the Board of Directors proposes that the Company shall be able to enter into an equity swap agreement with a third party in accordance with item D. below.

A. Decision on a long-term incentive programme based on performance shares

The Board of Directors proposes that the Annual General Meeting resolves to implement a long-term incentive programme based on performance shares in accordance with the below.

Investment requirement

In order to participate in PSP 2024, the Participants are required to invest in shares of series B in the Company and that these shares are allocated to PSP 2024. The maximum amount that the Participants can invest in shares of series B in the Company within the framework of PSP 2024 corresponds to approximately 10 per cent of the Participant's annual base salary before tax at the time of application for PSP 2024 (the "**Investment Shares**"), see further below.

Only class B shares in the Company that the Participants acquires from the Company during the period from and including 31 May 2024 up to and including 4 June 2024 (the "**Investment Period**") can be allocated to PSP 2024. The Company's transfer of own shares to the Participants shall take place in accordance with item B. In respect of future members of the group of Participants, these Participants shall either acquire shares from the Company in accordance with the above or acquire shares on the market no later than 30 November 2024. Class B shares in the Company held by the Participants before the Investment Period cannot be credited as Investment Shares in PSP 2024. If the Participant is prevented from purchasing class B shares in the Company at the time of application for PSP 2024 under market abuse rules or similar rules, Investment Shares shall instead be purchased as soon as such restrictions no longer apply.

Performance share rights

Allocation under PSP 2024 is made free of charge and entitles the Participant to receive a certain number of class B shares in the Company free of charge for each Investment Share after the end of a vesting period of three years (the "**Performance Share Rights**"), Each Performance Share Right entitles the holder to receive up to one (1) class B share in the Company. Allocation of shares of series B in the Company in accordance with the Performance Share Rights is subject to the fulfilment of the performance conditions set out below and will generally require the Participant to remain employed and retain all of his/her Investment Shares for a period of approximately three years from the launch of the programme up to and including the date when the interim report for the first quarter of 2027 is published (the "**Vesting Period**").

Allocation of Performance Share Rights will normally take place as soon as practicable after the Investment Period or a later date, but no later than 30 November 2024, in respect of future members of the group of Participants.

The Company will not compensate for dividends paid and other value transfers in line with the Company's dividend policy during the Vesting Period. The number of class B shares in the Company that each Performance Share Right entitles to may be recalculated due to, among other things, a bonus issue, consolidation or split of shares, new share issues, reduction of the share capital, extraordinary dividend or similar measures. The transfer of shares may be accelerated as a result of mergers, demergers, major acquisitions or disposals or similar measures.

Performance conditions and distribution

The vesting of the Performance Share Rights is dependent on the extent to which the performance conditions are met, thereby determining to what extent (if any) the Performance Share Rights entitle the Participants to receive class B shares in the Company at the end of the Vesting Period. If the minimum level is not met, the Performance Share Rights will not entitle to any class B shares in the Company and if the maximum level is met, each Performance Share Right entitles to one class B share in the Company.

Allocation of class B shares in the Company is based on the fulfilment of the performance conditions as set out in the table below.

Allocation is based on average annual earnings growth (adjusted EBITA¹) during the period 1 January 2024-31 December 2026. Adjusted EBITA as of 31 December 2023 amounted to SEK 827 million.

DESCRIPTOIN OF PERFORMANCE CRITERIA	RELATIVE WEIGH OF PERFORMANCE CONDITIONS	MAX/MIN ALLOCATION
Profit growth	85%	
Average annual profit growth (adjusted EBITA) of 7% Provides an adjusted EBITA of SEK 1,013 million 2026		Threshold level for minimum allocation No target achieved = 0% allocation Target achieved = 20% allocation
Average annual profit growth (adjusted EBITA) of 20% Provides an adjusted EBITA of SEK 1,429 million 2026		100% allocation

The outcome will be measured linearly within the ranges.

¹ Adjusted EBITA means the Company’s EBIT excluding items affecting comparability and amortisation of intangible assets arising from acquisitions according to the Company’s financial reporting.

Sustainability-related targets	15%	
Responsible supplier relationships	5%	Target achieved = 100% allocation
At least 85% shall meet the Company's Supplier Standard, measured as a percentage of the total purchase value from suppliers to the standard range. ²		No target achieved = 0% allocation
Gender equality	5%	Target achieved = 100% allocation
The proportion of female managers shall be at least 26%. ³		No target achieved = 0% allocation
Qualitative target supporting the Company's overall sustainability commitments	5%	Target achieved = 100% allocation
		No target achieved = 0% allocation

The maximum number of class B shares in the Company that the Participants in each category may invest in under PSP 2024 and their respective allotment of Performance Share Rights are set out below. The maximum number of Investment Shares per Participant is based on an estimated price paid per Investment Share, corresponding to the market price of a class B share in the Company at the time of preparation of the Board of Directors' proposed resolutions.

CATEGORY	MAXIMUM NUMBER OF INVESTMENT SHARES PER PARTICIPANT	MAXIMUM NUMBER OF INVESTMENT SHARES WITHIN THE CATEGORY	NUMBER OF PERFORMANCE SHARE RIGHTS PER INVESTMENT SHARE	MAXIMUM NUMBER OF PERFORMANCE SHARES
CEO	3,675	3,675	5	18,375
CFO	2,050	2,050	5	10,250
Other senior executives (maximum 10 persons)	1,475	14,750	5	73,750
Total	-	20,475	-	102,375

Allotment of shares

² In 2023, an increased percentage of suppliers have met the Company's supplier standard, which includes agreements, an accepted Supplier Code of Conduct with associated chemical restriction lists and a self-assessment by the supplier linked to the requirements of the Company's Code of Conduct. The Supplier Code of Conduct includes conventions on human rights, decent working conditions and limiting environmental and climate impact, as well as principles of good business ethics.

³ The percentage of female managers increased in 2023, driven by developments in Sweden. This is a result of a determined effort to seek both female and male final candidates in the recruitment processes. The aim is for the percentage of female managers to correspond to the gender distribution among the Company's employees in general.

Provided that the above mentioned performance conditions have been met during the Performance Period and that the Participant has remained in his/her employment and retained his/her Investment Shares during the Vesting Period, allotment of shares of series B in the Company (the "Performance Shares") shall take place as soon as practically possible after the end of the Vesting Period. The Board of Directors may, provided that it is cost neutral for the Company, decide to offer Participants that the number of Performance Shares is reduced by an amount corresponding to the income tax, resulting in a net allotment of Performance Shares.

In order to enable control and create predictability over the maximum outcome per Participant and the costs of PSP 2024, the maximum value of the Performance Shares that can be allotted from each Performance Share Right is limited to 300 per cent of the volume-weighted average price paid for the Alligo-share on Nasdaq Stockholm during the Investment Period. Should the value of the allotment of Performance Shares at the date of allotment of Performance Shares exceed this amount, a proportional reduction of the number of Performance Shares to be allotted shall be made so that the amount is not exceeded.

When assessing the final outcome of the Performance Share Rights, the Board of Directors shall consider whether the vesting level is reasonable in relation to the Company's financial results and position, significant changes in the Group, conditions on the stock market and otherwise and, if the Board of Directors deems that this is not the case, adjust the allotment to a level that the Board of Directors deems appropriate.

Participation in PSP 2024 requires that the participation can legally take place and that the participation, according to the Company's assessment, can take place with reasonable administrative costs and financial efforts. The Board of Directors shall be entitled to introduce an alternative incentive solution for employees in such countries where participation in PSP 2024 is not appropriate, whereby the alternative solution shall, as far as practically possible, correspond to the terms of PSP 2024.

B. Resolution on the transfer of own held shares of series B to participants in PSP 2024 (investment shares)

The Board of Directors proposes that the Annual General Meeting resolves that the transfer of own shares of series B in the Company may take place on the following terms.

- a) A maximum of 20,475 class B shares in the Company may be transferred to the Participants.
- b) The transfer of shares of series B in the Company to the Participants shall be made at a price corresponding to the volume-weighted average price for the Company's share on Nasdaq Stockholm (according to the price list on Nasdaq Stockholm) during the period from and including 24 May 2024 up to and including 30 May 2024.
- c) The transfer of shares of series B in the Company to the Participants shall be carried out at the time specified in the terms and conditions of PSP 2024.
- d) The right to purchase class B shares in the Company shall, with deviation from the shareholders' preferential rights, be granted to the Participants.

In total, a maximum of 20,475 class B shares in the Company can be transferred under PSP 2024. The number of own, previously repurchased class B shares in the Company's possession amounts to 855,300 as of 1 March 2024.

Transfers of class B shares in the Company constitute a part of achieving the proposed PSP 2024. The reason for deviating from the shareholder's preferential rights is that the Board of Directors considers it to be beneficial to the Company and the shareholders that the Participants are offered the opportunity to become shareholders in the Company.

C. Resolution on the transfer of own held shares of series B to participants in PSP 2024 (performance shares)

The Board of Directors proposes that the Annual General Meeting resolves that the transfer of own shares of series B in the Company may take place on the following terms.

- a) A maximum of 102,375 class B shares in the Company may be transferred to the Participants.
- b) The transfer of shares of series B in the Company to the Participants shall be made free of charge and carried out at the time specified in the terms and conditions of PSP 2024.
- c) The right to purchase class B shares in the Company free of charge shall, with deviation from the shareholders' preferential rights, be granted to the Participants.
- d) The number of Class B shares in the Company that may be transferred under PSP 2024 will be recalculated as a result of any bonus issue, split, rights issue and/or other similar corporate actions in the manner that the Board of Directors considers appropriate to obtain a satisfactory result.

In total, a maximum of 102,375 class B shares in the Company can be transferred under PSP 2024. The number of own, previously repurchased class B shares in the Company's possession amounts to 855,300 as of 1 March 2024.

Transfers of class B shares in the Company constitute a part of achieving the proposed PSP 2024. The reason for deviating from the shareholder's preferential rights is that the Board of Directors considers it to be beneficial to the Company and the shareholders that the Participants are offered the opportunity to become shareholders in the Company.

D. Resolution to enter into equity swap agreement with a third party

The Board of Directors proposes that the Annual General Meeting resolves that delivery of shares in PSP 2024 may be carried out by the Company entering into an equity swap agreement with a third party on market terms, whereby the third party in its own name may purchase and transfer shares to the Participants. The Board of Directors intends to use this option only if the proposal under item C. above is not approved.

Costs, dilution and effect on key performance indicators

The costs for PSP 2024, which are recognised in the income statement, are calculated in accordance with the accounting standard IFRS 2 and are accrued over the Vesting Period. The calculation has been based on the assumption of transfer of own shares to the Participants according to item C above, an estimated annual employee turnover of 10 per cent and a share price (closing price 3 April 2024) of SEK 151,60 per share on the date of allotment of Performance Share Rights. In addition, the costs for PSP 2024 have been based on the fact that the programme comprises 12 Participants and that each Participant makes a maximum investment. The expected outcome has been calculated assuming an annual share price increase of 10 per cent, dividends in line with the consensus estimates and fulfilment of the performance conditions of 50 per cent for the profit growth target and of 100 per cent for the sustainability-related targets. The maximum outcome has been calculated of the

assumptions of an annual price increase of 15 per cent and fulfilment of the performance requirements of 100 per cent.

The total cost for PSP 2024, over the entire programme period, given the above assumptions, is estimated according to IFRS 2 to amount to approximately SEK 7.1 million excluding social security contributions at the expected outcome and at the maximum outcome the cost is approximately SEK 10.8 million. The costs for social security contributions, based on the assumption of 30 per cent in social security contributions, are estimated to amount to approximately SEK 3.0 million at the expected outcome, and approximately SEK 5.1 million at the maximum total outcome.

The expected annual costs of approximately SEK 3.5 million, including social security contributions, correspond to approximately 0.2 per cent of the Group's total personnel costs for the financial year 2023.

As the proposal does not involve issuance of new shares, PSP 2024 does not dilute the votes or share capital of existing shareholders. The impact on key performance indicators is only marginal.

Conditions

The Annual General Meeting's resolution on PSP 2024 under item A. above is conditional upon the Annual General Meeting resolving in accordance with the board of director's proposal under item B. above. Further, the Annual General Meeting's resolution in PSP 2024 under item A. above is conditional upon the Annual General Meeting resolving in accordance with the board of director's proposal under item C. or item D. above.

Preparations of the proposal

The proposal for PSP 2024 has been prepared by the Company's Remuneration Committee together with external advisors in consultation with major shareholders and decided by the Board of Directors. The Company's board members are not covered by PSP 2024.

Description of outstanding long-term incentive programmes

The Company's outstanding long-term incentive programme is described in detail in the annual report for 2023 in note 5 to the consolidated financial statements and is also described in the Company's remuneration report for 2023, where it is also stated how Alligo applies its guidelines for remuneration to senior executives.

Majority decision-making

A resolution by the general meeting in accordance with the Board of Directors' proposal under item A. above requires a majority of more than half of the votes cast at the meeting. A resolution by the general meeting in accordance with the Board of Directors' proposal under item B. and C. above requires that the resolution is supported by shareholders representing at least nine tenths (9/10) of both the votes cast and the shares represented at the meeting. A valid resolution in accordance with the Board of Directors' proposal under item D. above requires a majority of more than half of the votes cast at the meeting.

Stockholm April 2024

Alligo AB (publ)

Board of Directors

This document is in all respect a translation of the Swedish original. In the event of any differences between this translation and the Swedish original, the latter shall prevail.