

THE BOARD'S PROPOSAL ON (A) THE IMPLEMENTATION OF A LONG-TERM INCENTIVE PROGRAMME AND (B) HEDGING ARRANGEMENTS IN RESPECT THEREOF (ITEM 15)

Implementation of the programme (item 15 (a))

The Board of Directors proposes that the Annual General Meeting resolves to implement a long-term incentive programme (“**LTIP 2021**”), as set out below.

Objective

LTIP 2021 is designed to create long-term incentives for members of the group management, including the CEO, business unit presidents, as well as subsidiary CEOs and other key employees (the “**Participants**”). The main objective of LTIP 2021 is to create additional incentive for increased engagement and performance among the Participants, strengthen the potential for recruiting and retaining key individuals, as well as to create a mutual ownership interest between the Participants and the shareholders.

The Board of Directors intends to propose an incentive programme with an equivalent structure every two years.

Description of LTIP 2021

LTIP 2021 is proposed to include all current and future members of the group of Participants, currently comprising approximately 235 employees. It is proposed that the programme, which entails an investment requirement, shall consist of performance shares. As proposed, LTIP 2021 may comprise a maximum of 650,000 shares in Indutrade, representing approximately 0.18 percent of all shares and votes in Indutrade.

Investment requirement

In order to participate in LTIP 2021, the Participants are required to invest in Indutrade shares and to allocate these shares to LTIP 2021. The maximum amount that Participants may invest in Indutrade shares within LTIP 2021 corresponds to, in average, approximately 8–10 percent of the Participant’s gross annual base salary at the time of enrolment in LTIP 2021 (“**Investment Shares**”), as further set out below. Indutrade shares already held by the Participants at the time of implementation, may not be accounted for as Investment Shares under LTIP 2021. Should the Participant be prohibited from acquiring Indutrade shares under market abuse rules or similar at the time of enrolment in LTIP 2021, Investment Shares must instead be acquired as soon as such restrictions no longer apply.

Performance Share Rights

Granting under LTIP 2021 is free of charge and gives the Participant rights that entitle the Participant to receive a certain number of Indutrade shares, free of charge, for each Investment Share (“**Performance Share Rights**”) following the expiration of a three-year vesting period. Each Performance Share Right entitles the holder to receive up to

one (1) Indutrade share. Allotment of Indutrade shares pursuant to the Performance Share Rights is subject to the fulfilment of the performance condition set out below, and will generally require that the Participant retains their employment and all of their Investment Shares over a period of approximately three years from the launch of the programme until the date of announcement of the interim report for the first quarter of 2024 (the “**Vesting Period**”).

Granting of Performance Share Rights will generally take place as soon as practicably possible following the Annual General Meeting 2021 or a later point in time as regards newly employed Participants.

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

Performance condition and allocation

The vesting of the Performance Share Rights is dependent upon the extent to which the performance condition is satisfied during the period 1 January 2021–31 December 2023 (the “**Performance Period**”), whereby it will be determined to which extent (if any) the Performance Share Rights entitle the Participants to receive Indutrade shares at the expiration of the Vesting Period.

The performance condition for allotment of Indutrade shares is based on the average compound annual growth rate (CAGR) of the profit per Indutrade share (EPS) during the Performance Period. Minimum allotment occurs if the threshold of 6 percent CAGR is exceeded, and increases linearly up to the maximum allotment at 14 percent CAGR. CAGR will be calculated based on the EPS for 2020.

The maximum amount that the participants in each category may invest in Investment Shares within LTIP 2021, as well as their respective granting of Performance Share Rights, are set out below.

<i>Category 1 (CEO)</i>	The CEO can invest up to SEK 850,000 in Investment Shares. Each Investment Share entitles the CEO to receive 5 Performance Share Rights.
<i>Category 2 (Group management)</i>	14 other employees of the group management can invest up to SEK 250,000 each in Investment Shares. Each Investment Share entitles these Participants to receive 4 Performance Share Rights.
<i>Category 3 (Business unit presidents)</i>	30 employees within category 3 can invest up to SEK 175,000 each in Investment Shares. Each Investment Share entitles these Participants to receive 3 Performance Share Rights.

Category 4 (Subsidiary CEOs and other key individuals) 190 employees within category 4 can invest up to SEK 125,000 each in Investment Shares. Each Investment Share entitles these Participants to receive 3 Performance Share Rights.

Allotment of shares

Provided that the performance condition set out above has been satisfied during the Performance Period and that the Participant has retained their employment (unless special circumstances are at hand) as well as their Investment Shares during the Vesting Period, the allotment of Indutrade shares (“**Performance Shares**”) shall take place as soon as practicably possible following the expiration of the Vesting Period.

In order to enable control and create predictability in relation to the maximum outcome per Participant and the costs of LTIP 2021, the maximum value of the Performance Shares that may be allotted under each Performance Share Right is limited to SEK 381 (corresponding to 200 percent of the volume-weighted average purchase price for the Indutrade share during the last five trading days of February 2021). Should the value of the allotment of Performance Shares per Performance Share Right exceed this amount at the day of allotment of Performance Shares, a proportionate reduction of the number of Performance Shares to be allotted shall be made, so that this amount is not exceeded. A corresponding reduction can be made in the event the total number of shares comprised by LTIP 2021 would be exceeded.

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

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

Costs, dilution and effects on important key ratios

The costs for LTIP 2021, as reported in the income statement, are calculated in accordance with the accounting standard IFRS 2 and distributed over the Vesting Period. The calculation has been made based on the assumption of an estimated annual turnover of personnel of 10 percent, and 50 percent fulfilment of the performance condition. In addition, the costs for LTIP 2021 have been based on the assumptions that the programme comprises a maximum of 235 Participants and that each Participant makes a maximum investment.

The total cost during the entire program period, given the above assumptions, of LTIP 2021 according to IFRS 2 is estimated to approximately MSEK 36.6, excluding social security contributions (the maximum cost according to IFRS 2 is MSEK 100.1). The costs for social security contributions are estimated to approximately MSEK 15.3,

based on the assumption of social security contributions at a rate of 30 percent (MSEK 63.1 at maximum total outcome).

The expected annual costs of MSEK 17.6, including social security contributions, correspond to approximately 0.4 percent of the group's total employee costs for the financial year 2020 (1.3 percent at maximum total outcome).

As proposed, LTIP 2021 may comprise a maximum of 650,000 shares in Indutrade, corresponding to approximately 0.18 percent of all shares and votes in Indutrade, before any recalculations as a result of the above specified company events.

Since the proposal does not entail an issue of new shares, LTIP 2021 will have no dilutive effect on the votes of existing shareholders or the share capital. The effect on important key figures is only marginal.

Hedging arrangements

The Board of Directors has considered different methods for hedging the financial exposure and the transfer of shares under LTIP 2021, such as repurchase of own shares, new issue of Class C shares and transfer of treasury shares. The Board of Directors is of the opinion that an equity swap agreement with a third party is the most cost-effective and flexible method for hedging the financial exposure and the transfer of shares under LTIP 2021.

Preparation of the proposal, etc.

The proposal regarding LTIP 2021 has been prepared by Indutrade's Remuneration Committee and adopted by the Board of Directors.

The Board of Directors shall, within the framework of the above terms and conditions and guidelines, be responsible for the implementation and management of LTIP 2021. All major decisions relating to LTIP 2021 will be made by the Remuneration Committee, with approval by the Board of Directors as a whole, when required.

Description of ongoing variable compensation programmes

The company's ongoing variable compensation programmes are described in detail in the annual report 2020 in note 8 to the consolidated financial statements, as well as on Indutrade's website, which also outlines how Indutrade implements its guidelines for compensation to senior executives in line with the Swedish Corporate Governance Code.

Equity swap agreement with a third party (item 15 (b))

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

are in line with other financing options, considering the terms and conditions for such an equity swap agreement. The costs for the equity swap agreement are expected to amount to approximately MSEK 1.6 per year until 2024.

LTIP 2021 including the equity swap agreement will also result in costs for external counsel and administration attributable to LTIP 2021, including acquisition and transfer of shares. These costs are not expected to exceed MSEK 1 per year until 2024.

Majority requirements

The Annual General Meeting's resolutions under items 15 (a) and 15 (b) above requires a majority of more than half of the votes cast at the Meeting.

Stockholm in March 2021
Indutrade Aktiebolag (publ)
The Board of Directors