

## **The Board's proposed resolution on the introduction of a long-term performance-based incentive program 2024 for employees within the group (item 18)**

The Board of Formpipe Software AB (publ), reg.no 556668-6605 (the “**Company**” or “**Formpipe**”) proposes that the annual general meeting resolves to implement a long-term performance-based incentive program (“**LTI 2024**”) in accordance with items (a) and (b) below. Resolutions under items (a) and (b) below are proposed to be conditional upon each other and adopted as one resolution. If the majority requirement for item (b) is not met, the Board proposes that the Company shall be able to enter into a share swap agreement with a third party in accordance with item (c) below and resolutions under items (a) and (c) shall then be conditional upon each other and adopted as one resolution.

### **Summary and rationale for LTI 2024**

The purpose of LTI 2024 is to create conditions for retaining and increasing the motivation of senior executives and other key employees in the Company and its subsidiaries (the “**Group**”). The Board considers that it is in all shareholders’ interest that such persons, who are deemed important for the Group's development, to have a long-term interest in a positive value development of the share in the Company. The proposed program creates a long-term ownership commitment and focus on results, which is expected to stimulate an increased interest in the business and the development of the results as a whole.

Participation in LTI 2024 is offered to current and future senior executives and other key employees in the Group, the program can include a maximum of 11 employees. The program is proposed to consist of performance shares and entails a requirement of own holding of Formpipe shares through acquisition of new Formpipe shares or allocation of existing Formpipe shares to the program (“**Investment Shares**”). For each Investment Share, the participants are granted four (4) performance share rights. After a vesting period of approximately three (3) years, each performance share right will entitle the participant to acquire one share in the Company at a price corresponding to the quota value of the share, provided that the participant has retained his/her employment in the Group during the vesting period, that the participant has retained all Investment Shares during the same period and that certain performance conditions have been met in accordance with what is set out below.

To enable the implementation of LTI 2024 in a cost-efficient manner, the Board also proposes that the annual general meeting resolves on hedging measures by way of the issue of warrants and transfer of warrants in accordance with item (b) below. In the event that the required majority is not reached for a resolution under item (b), the Board proposes that the Company shall instead be able to enter into a share swap agreement with a third party in accordance with item (c) below.

After implementation of LTI 2024, the Board intends to evaluate participation in and the effects of the program in order to resolve whether a corresponding program with similar conditions should be proposed to future annual general meetings. However, the Board's intention is to annually propose an incentive program with a corresponding structure.

### **(a) Implementation of LTI 2024**

#### ***Participation in LTI 2024***

LTI 2024 comprises up to 11 current and future employees consisting of senior executive and other key employees in the Group.

The first category comprises the Company's CEO, the second category comprises a maximum of four employees who constitute the Company's senior executives and the third category comprises a maximum of six other key employees in the Group.

**Personal investment in Investment Shares, grant of performance share rights and vesting period**

To participate in LTI 2024, the participant must have a personal shareholding in the Company and these Investment Shares shall be allocated to LTI 2024. The Investment Shares may either be acquired specifically for LTI 2024, or be shares already held by the participant, provided that these shares were acquired after 1 January 2024. For participation in LTI 2024, the participant is required to allocate a minimum number of Investment Shares as set out in the table below. The number of Investment Shares that participants can allocate under LTI 2024 has been differentiated between employees taking into account, inter alia, position, responsibility and performance within the Group. The participants can allocate the number of Investment Shares as follows:

| Function  | Minimum number of Investment Shares per person | Maximum number of Investment Shares per person | Maximum number of Investment Shares per category | Maximum amount (SEK 29 per share) per person, SEK |
|---|--|--|--|---|
| Category 1 CEO (maximum of 1 person)                  | 7,500  | 22,500   | 22,500   | 652,500   |
| Category 2 Senior executives (maximum of 4 persons)   | 2,250  | 7,000  | 28,000   | 203,000   |
| Category 3 Other key employees (maximum of 6 persons) | 1,000  | 3,500  | 21,000   | 101,500   |
| <b>Total</b>  |  | <b>33,000</b>                                  | <b>71,500</b>                                    |   |

If the participant in connection with the application to the program is prevented from acquiring Formpipe shares according to market abuse rules or similar rules, or if the Board makes an assessment that it is reasonable, the acquisition of shares shall take place as soon as possible thereafter but no later than 31 December 2024.

Each Investment Share entitles to four (4) performance share rights. The participant will normally receive performance share rights as soon as practically possible after the annual general meeting 2024 in connection with, or shortly after, an agreement is entered into between the participant and Formpipe on participation in LTI 2024. The Board is entitled to extend the time for allocation of performance share rights if deemed necessary for administrative reasons.

The participants can be allocated a maximum number of performance share rights as follows:

|                                      | <b>Function</b>     | <b>Minimum number of performance share rights per person</b> | <b>Maximum number of performance share rights per person</b> | <b>Maximum number of performance share rights shares per category</b> |
|--------------------------------------|---------------------|--|--|---|
| Category 1<br>(maximum of 1 person)  | CEO                 | 7,500  | 90,000   | 90,000  |
| Category 2<br>(maximum of 4 persons) | Senior executives   | 2,250  | 28,000   | 112,000   |
| Category 3<br>(maximum of 6 persons) | Other key employees | 1,000  | 14,000   | 84,000  |
| <b>Total</b>                         |                     |  | <b>132,000</b>   | <b>286,000</b>  |

### ***Terms and conditions for the performance share rights***

For the performance share rights the following conditions apply:

1. The performance share rights are granted free of charge to the participants in LTI 2024.
2. The participant is not entitled to transfer, pledge or dispose of the performance share rights or perform any shareholders' rights regarding the performance share rights during the vesting period.
3. Allocation of shares based on the performance share rights shall normally take place within two weeks after the announcement of Formpipe's interim report for the first quarter of 2027, whereby the participant, at the Company's discretion, is either offered to (a) acquire one share in the Company at a price corresponding to the quota value of the share, or (b) receive a warrant free of charge that entitles to subscription for one share in the Company at a subscription price corresponding to the quota value of the share. The Board is entitled to extend the time for allocation of shares if deemed necessary for administrative reasons.
4. Allocation of shares based on performance share rights is conditional upon that the participant remains employed within the Formpipe Group until the announcement of Formpipe's interim report for the first quarter of 2027, and has not terminated his or her employment, been made redundant or dismissed before that time, and that the participant has not disposed Investment Shares. For shares to be allocated based on the participant's holding of performance share rights, the performance conditions below must also be fulfilled.
5. The maximum value that a participant may receive per performance share right is limited to SEK 75, which corresponds to approximately 160 % of the current share price of the Company's share. If the value of the share per performance share right at the date of allocation exceeds this amount, a proportional reduction of the

number of shares in the Company that each performance share right entitles to shall be made so that the amount is not exceeded.

6. The number of shares that may be allocated to the participants based on the performance share rights shall be recalculated in the event of a share split, rights issue or similar corporate events with the aim that the economic value of a performance share right shall not be affected by such events. The Company will not compensate the participants in the program for dividends paid in respect of the shares to which each performance share right entitles.

### ***Performance conditions***

The vesting of the performance share rights is dependent on the extent to which the performance conditions for the Group's organic growth and operating margin (measured as EBITDA-Adjusted, which is the measure used internally for monitoring purposes), are met during the period 1 January 2024 - 31 December 2026 (the "**Performance Period**"), whereby it is determined to what extent (if any) the performance share rights entitle the participants to receive Formpipe shares at the end of the vesting period.

The Board will determine a minimum and a maximum level for target fulfilment for the two performance conditions. The outcome will be measured between the determined minimum level and the determined maximum level and does not have to be linear. If the minimum levels for both performance conditions are met, the participants will vest one (1) performance share right per Investment Share. If the maximum levels of the two performance conditions are met, all four (4) performance share rights will be vested, and each performance share right will entitle the acquisition of one share. If the minimum levels for the two performance conditions are not met, no vesting will take place.

The Group's organic growth shall take into account currency effects and any acquisitions, disposals, etc. The Group's operating margin shall be calculated based on audited full-year figures for each of the financial years 2024-2026 and according to the same definition used by the Board for the financial year 2023. When calculating the extent to which the performance conditions are met, the Board is authorised to make adjustments for structural changes such as acquisitions or disposals as well as for extraordinary events.

In connection with the announcement of Formpipe's interim report for the first quarter of 2027, the Company will inform about the minimum and maximum levels of the two performance conditions and the degree of target fulfilment which have been required for certain allocations.

### ***Preparation and administration***

The Board of Directors shall be responsible for the preparation and administration of LTI 2024, and the detailed terms and conditions that will apply between the Company and the participant in the program, within the scope of the terms and conditions set out herein. In connection therewith, the Board shall be entitled to establish divergent terms and conditions for the program regarding, inter alia, the vesting period and allocation of Formpipe shares in the event of termination of employment during the vesting period as a result of e.g. early retirement. Furthermore, the Board shall be able to authorise participants to allocate Investment Shares in LTI 2024 that are owned through a wholly owned company, pension insurance or endowment insurance.

The Board shall be entitled to make the necessary adjustments to fulfil specific rules or market prerequisites in other jurisdictions. In the event that the distribution of shares cannot be achieved at reasonable cost and with reasonable administrative efforts, the

Board may resolve that the participating person may instead be offered cash-based settlement. Formpipe's Board may also make other adjustments in the event of structural changes such as acquisitions and disposals and other extraordinary events where the terms and conditions set out above do no longer serve the purpose. The Board shall also be authorised to sell shares on behalf of participants in connection with the allocation to cover the tax liability arising for the participant.

If significant changes occur in Formpipe or its business environment, which would mean that the resolved terms and conditions for allocation and the possibility to utilise the performance share rights no longer serve the purpose, the Board shall be entitled to make other adjustments. Before the number of Formpipe shares to be allocated under the performance share rights is finally determined, the Board shall assess whether the outcome of LTI 2024 is reasonable. This assessment is made in relation to Formpipe's financial results and position, conditions on the stock market and otherwise. If the Board in its assessment deems that the outcome is not reasonable, the Board shall reduce the number of shares to be allocated based on the performance share rights.

### ***Hedging arrangements***

To ensure delivery of shares under LTI 2024, the Board proposes that the annual general meeting resolves to issue and transfer warrants to the participants and/or third parties in accordance with what is stated under item (b) below, alternatively that the Company shall be able to enter into so-called share swap agreements with third parties in accordance with what is stated under item (c) below to fulfil the obligations under the program. The Board believes that the first alternative, i.e. issue and transfer of warrants to the participants and/or third parties, is the most cost-effective and flexible method for delivery of Formpipe shares.

### ***Dilution***

The maximum dilution for existing shareholders as a result of LTI 2024 amounts to approximately 0.52% of the total number of shares in the Company. The dilution has been calculated as the number of additional shares in relation to the existing number plus additional shares.

### ***Scope and costs of the program***

In accordance with IFRS 2, the performance share rights will be expensed as employee costs over the vesting period, with no impact on the Group's cash flow. If performance share rights are exercised, LTI 2024 will also incur costs in the form of social security contributions. The total costs for social security contributions depend on the participant's employment relationship, how many performance share rights are vested, and the value of the benefit that the participant finally receives, i.e. the value of the performance share rights at exercise in 2027. Social security contributions will be expensed in the income statement during the vesting period.

Based on the assumption that all performance share rights included in LTI 2024 are vested, an assumed share price of SEK 45 when the performance share rights are exercised and an assumed average percentage for social security contributions of approximately 27.5%, the total costs for the program, including social security contributions, are estimated to amount to SEK 4.1 million, which corresponds to approximately 1.4% of the Group's total annual salary costs for employees (including social security contributions) calculated on salary costs for the financial year 2023. The

cash flow effect for the program is estimated to be approximately SEK 3.6 million and will be charged to the Company in 2027 if the program falls out in full.

### ***The preparation of the proposal***

The Board of Directors has prepared LTI 2024 in consultation with external advisors.

### ***Other incentive programs***

On 28 April 2021, the Company offered all permanent employees in the Group to acquire warrants in the Company. A total of 500,000 warrants were issued. Each warrant entitles the holder to subscribe for 1 new share in the Company during the period from 13 May 2024 to 24 May 2024 at a price of SEK 42.53 per new share. The paid warrant premium amounted to a total of SEK 1,310,000.

On 27 April 2022, the Company offered all permanent employees in the Group to acquire warrants in the Company. A total of 93,800 warrants were issued. Each warrant entitles the holder to subscribe for 1 new share in the Company during the period from 12 May 2025 to 23 May 2025 at a price of SEK 42.36 per new share. The paid warrant premium amounted to a total of SEK 278,586.

### **(b) Issue of warrants and approval to transfer the warrants to participants and/or third parties**

To ensure delivery of shares under LTI 2024, the Board proposes that the annual general meeting resolves to issue a maximum of 286,000 warrants of series 2024/2027, whereby the Company's share capital can increase by a maximum of SEK 28,600.

1. The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, only accrue to the Company, or a subsidiary designated by the Company.
2. Warrants may be transferred, on one or more occasions, to the participants in LTI 2024 or otherwise to a third party to distribute shares to the participants, in accordance with the terms and conditions of LTI 2024.
3. The reason for the deviation from the shareholders' preferential rights is to establish and implement LTI 2024.
4. The warrants are issued free of charge. Any transfer of warrants to the participants in LTI 2024 or to a third party will be free of charge.
5. Subscription of the warrants shall take place within one (1) month from the date of the issue resolution. The Board is entitled to extend the subscription period.
6. The warrants shall entitle to subscribe for shares during the period from the date of registration of the warrants with the Swedish Companies Registration Office up to and including 31 December 2027.
7. Each warrant shall entitle to subscription of one (1) new share in the Company at a subscription price corresponding to the share's quota value (currently SEK 0.10). Recalculation shall be possible in accordance with the complete terms and conditions for the warrants, Appendix A. Any premium shall be added to the free premium fund.
8. The newly issued shares shall carry a right to dividends for the first time on the record date that occurs immediately after the share subscription has been executed.
9. The warrants shall otherwise be subject to the terms and conditions set out in the complete terms and conditions for the warrants, Appendix A.

10. The Board, or the person appointed by the Board, shall be entitled to make such minor adjustments as may be deemed necessary in connection with the registration of the resolution with the Swedish Companies Registration Office.

**(c) Share swap agreement with third party**

If the majority requirement for item (b) above is not met, the Board proposes that the annual general meeting resolves that LTI 2024 shall instead be secured by the Company being able to enter into a share swap agreement with a third party on market terms, where the third party in its own name shall be entitled to acquire and transfer shares in the Company to the participants in LTI 2024.

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***Majority requirements***

The annual general meeting's resolution in accordance with the Board's proposal under item (a) above requires a majority of more than half of the votes cast at the annual general meeting. The annual general meeting's resolution in accordance with the Board's proposal under item (b) above requires that the resolution is supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the annual general meeting. A valid resolution in accordance with the Board's proposal under item (c) above requires a majority of more than half of the votes cast at the annual general meeting.

Resolutions under items (a) and (b) are proposed to be conditional on each other and adopted as one resolution. If the majority requirement for item (b) is not met, resolutions under items (a) and (c) are proposed to be conditional on each other and adopted as one resolution.

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Stockholm in March 2024

Formpipe Software AB (publ)

*The Board*