

Proposal for an incentive programme by way of an issue of warrants with subsequent transfers to the participants

The incentive programme in brief

- The board of directors proposes that the general meeting resolves to establish an incentive programme under which the company invites up to 300 persons within the group to acquire warrants in the company. The program will comprise the CEO of the company and current and future members of the senior management and key personnel.
- The proposal entails that the general meeting resolves on establishing the program and the issue and transfer of up to 2,500,000 warrants (equivalent to a maximum dilution of approximately 1.16 per cent) to implement the program, which requires support by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the general meeting.
- The rationale for the proposed incentive programme is to create conditions for retaining and recruiting competent personnel to the group, increase the motivation amongst the participants, increase their loyalty to the company and align their interests with that of the company's shareholders as well as to promote a personal shareholding and thereby promote shareholder value and the company's long-term value creation capability.
- Each warrant shall entitle the participants to, after a three year period, *i.e.*, in 2026, subscribe for one new share in the company at a price equivalent to 130 per cent of the volume-weighted average price of the company's share on Nasdaq Stockholm during a ten day measurement period in connection with the general meeting.
- The allocation of warrants to employees for the incentive program will be determined based on the participants' performance. The performance metrics include both financial criteria such as revenue growth and EBITDA margins and non-financial criteria, such as compliance with Evolution's Code of Ethics.
- Of the 2,500,000 warrants, up to half may be allotted free of charge to match warrants acquired by participants at fair market value (*i.e.*, one free warrant will be allotted for each warrant acquired at fair market value). All other warrants will be allotted at fair market value. A participant is obligated to give back any free warrants received if they leave employment with the group, and to offer the company to repurchase any warrants acquired at fair market value.

Background

The remuneration to management in Evolution is based on annual fixed salaries. A limited number of senior executives, but not the CEO, and the sales organisation have one part of their compensation that is variable based on performance. All variable compensation is based on predetermined and measurable performance criteria that may be based on financial and non-financial objectives, as determined from time to time.

To attract and retain employees from a global pool of talent, Evolution has for several years also had long-term share based incentive programs consisting of warrants.

The allocation of warrants to employees for the 2023-2026 incentive program would be determined based on the participants' performance. The performance metrics include both financial criteria such as revenue growth and EBITDA margins and non-financial criteria, such as compliance with Evolution's Code of Ethics. Further, in order for the warrants to have any value, Evolution's share price needs to increase by more than 30% compared to the share price during a measurement period in connection to the general meeting. This is also the sole incentive once the warrants have been allocated.

Warrants are purchased at fair market value by the participants. In jurisdictions where it is favourable for the company and the participants from a tax perspective, participants are offered one free warrant for every warrant purchased at fair market value (no free warrants are given unless a warrant is purchased at fair market value). A participant is obligated to give back any free warrants received if they leave employment with the group, and to offer the company to repurchase any warrants acquired at fair market value.

The company believes that the proposed program of 2,500,000 warrants will, together with other factors, be beneficial to globally attract the necessary new talent to achieve continued targeted growth and performance.

Terms and conditions of the incentive program

Price and valuation

Each warrant shall entitle the participant to subscribe for one new share, at a price equivalent to 130 per cent of the Original Price. The "**Original Price**" is equal to the volume-weighted average price of the company's share on Nasdaq Stockholm during a period from and including 26 October 2023 up to and including 8 November 2023.

The participants shall acquire the warrants at the fair market value in cash. For each warrant the participant acquires at fair market value, the company may allot

an additional warrant to the participant free of charge. The free warrants can only be exercised if the warrants acquired at fair market value are held until the beginning of the exercise period.

The fair market value shall be determined in accordance with the Black & Scholes valuation model (with a reduction of the value to reflect that the warrants will not be traded on a liquid market). The valuation of the warrants shall be made by Svalner Skatt & Transaktion (“**Svalner**”) or a well-reputed investment bank, accounting firm or financial advisor with valuation expertise. A preliminary valuation of the warrants has determined the fair market value to be SEK 114.6 per warrant (including a reduction of 30% to reflect that the warrants will not be traded on a liquid market). The preliminary valuation has assumed a price of the Evolution share of SEK 1,193.4 (corresponding to the closing price of the company’s share on Nasdaq Stockholm on 13 September 2023, which implies a subscription price of SEK 1,551.4), a risk-free interest rate of 3.37 per cent, a volatility of 33 per cent and total dividends of SEK 101.7 per share during the period until the warrants can be exercised.

The warrants shall also entitle the participants to utilise an alternative exercise model, which entails that the cash amount payable upon exercise is reduced. The complete terms and conditions of the warrants set out the details of the alternative exercise model. In short, it entails a reduction of the number of shares that can be subscribed for but that such shares are subscribed for at the quota value. This means that the alternative exercise model will also lead to reduced dilution. An illustrative example (based on the same assumptions as the preliminary market valuation above) is set out below:

Illustrative example based on an assumed subscription price of SEK 1,551.4 per share

The average share price in conjunction with subscription*	Total number of new shares	Total dilution
1,600	75,939	0.04%
1,800	345,285	0.16%
2,000	560,760	0.26%

* Pursuant to the complete terms and conditions of the warrants, the average share price shall be calculated based on a period of five trading days following the first day of the application period for subscription of new shares by exercise of the warrants.

Exercise period

The warrants may be exercised during the period from and including 16 November 2026 (however not earlier than the day after the publication of the company’s interim report for the period January–September 2026) up to and including the date

that falls 14 calendar days thereafter. The exercise period may be extended for participants who are prevented from exercising their warrants due to applicable laws on insider trading or similar.

Allotment

The board of directors of the company shall decide on the allotment of warrants to participants. Warrants shall be allotted on 30 November 2023 at the latest. Members of the company's board of directors shall not be allotted any warrants.

The maximum number of warrants that can be allotted to participants is based on the group to which such participant belongs, as set out below.

The CEO of the company: up to 250,000 warrants.

Group 1 (up to 50 persons): members of the senior management and senior key personnel, up to 100,000 warrants each.

Group 2 (up to 250 persons): other key personnel, up to 75,000 warrants each.

In each case the maximum number of warrants includes both warrants acquired at fair market value and warrants transferred free of charge.

In connection with the transfer of warrants to the participants, the company shall reserve the right to repurchase warrants if a participant's employment or engagement with the group is terminated or if a participant wishes to transfer his or her warrants.

Dilution

If all 2,500,000 warrants are exercised for subscription of 2,500,000 shares, the dilution effect will be approximately 1.16 per cent (based on the total number of shares in the company as of the date of this proposal). Upon full exercise of these 2,500,000 warrants and the 3,708,479 outstanding warrants 2021/2024 (*i.e.*, 6,208,479 warrants in total, which entitle to subscription of 6,208,479 shares in total), the total dilution effect will be approximately 2.88 per cent.

Costs and effects on key ratios

Warrants transferred to participants under the incentive programme will be accounted for in accordance with IFRS 2 and will be recorded as a personnel expense in the income statement during the years 2023–2026.

Assuming an Original Price of SEK 1,193.4 (corresponding to the closing price of the company's share on Nasdaq Stockholm on 13 September 2023), a subscription price of SEK 1,551.4, maximum participation and 50% of the total number of warrants being free warrants, the costs of the incentive programme, including social security costs of approximately EUR 3.6 million, are estimated to be up to

approximately EUR 15.6 million. These costs are based on the preliminary market value of the warrants as of 13 September 2023. The preliminary market value of the warrants at the time of the establishment of the incentive programme forms a better basis for the estimation of the future costs than an estimated future market value of the company's shares at an estimated exercise date for the warrants.

The costs will be allocated over the years 2023–2026. These costs can be compared to the company's total personnel expenses, including social security expenses, of approximately EUR 289.6 million in 2022.

If the incentive programme had been established in 2022, subject to the assumptions set out above, the impact on the earnings per share would have been approximately EUR -0.1.

The incentive programme is estimated to entail only limited costs for the company. No measures to secure the incentive programme have been or are planned to be taken.

Preparation of the proposal

The proposed incentive programme has been prepared by the board of directors and the remuneration committee and has been addressed at board meetings in Q2 and Q3 2023.

Issue of warrants 2023/2026

The board of directors proposes that the general meeting resolves on an issue of warrants 2023/2026 on the following terms and conditions, in order to implement the incentive program set out above.

Number of warrants to be issued

The company shall issue a maximum of 2,500,000 warrants 2023/2026.

Subscription right and price

The warrants shall be issued, free of charge, to the company itself or a wholly owned subsidiary with deviation of the shareholders' pre-emption rights.

Subscription period

The warrants shall be subscribed for on a separate subscription list not later than on 16 November 2023.

Reason for deviation from the shareholders' pre-emption rights

The reason for the deviation from the shareholders' pre-emption rights is to create, by way of an incentive programme, conditions for retaining and recruiting competent personnel to the group, increase the motivation amongst the participants, increase their loyalty to the company and align their interests with that of the

company's shareholders as well as promote a personal shareholding and thereby promote shareholder value and the company's long-term value creation capability.

Additional information

The new shares shall carry rights to dividends for the first time on the record date for dividends that occurs after subscription has been effected.

The complete terms and conditions of the warrants will be made available on the company's website (www.evolution.com) not later than three weeks prior to the general meeting. As set forth in the terms and conditions of the warrants, the subscription price and the number of shares that each warrant entitles to subscription of may be re-calculated in certain cases (including for the alternative exercise model described above).

The company's share capital may, upon exercise of all 2,500,000 warrants 2023/2026, increase by approximately EUR 7,514 (subject to any re-calculations in accordance with the complete terms and conditions of the warrants). If the subscription price exceeds the quota value of the shares, the excess amount shall be allotted to the non-restricted statutory reserve (*Sw. den fria överkursfonden*).

Authorisation

The board of directors shall be authorised to extend the subscription period and to make such minor adjustments in the resolution that may be required in connection with the registration of the warrants with the Swedish Companies Registration Office (*Sw. Bolagsverket*), and the board of directors shall have the right to undertake minor adjustments to the incentive program due to applicable rules, laws, regulations or market practice.

Approval of transfer of warrants to participants in the incentive programme

The board of directors proposes that the general meeting resolves to approve that the company transfers not more than 2,500,000 warrants 2023/2026 to the CEO of the company, members of the senior management, senior key personnel and other key personnel within the group on the terms and conditions set out in this proposal. The participants shall also be entitled to, following approval from the company, acquire warrants through a company which is wholly-owned by such participant. In such event, what is said in relation to participants shall also apply in respect of such wholly-owned companies.

Majority requirements

A resolution in accordance with this proposal is valid only where it is supported by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the general meeting.