

## **The shareholder Litorina Coinvest 1 AB's complete proposal regarding a long-term incentive program for certain board members (Board LTIP 2022) and issue of warrants**

The shareholder Litorina Coinvest 1 AB (“**Litorina**”) proposes that the annual general meeting of Embellence Group AB (publ) (“**Embellence Group**”) on 3 May 2022 resolves to adopt an incentive program for certain board members through an issue of not more than 44,000 warrants with a right to subscribe for 44,000 new shares in the company (“**Board LTIP 2022**”).

### *The purpose of Board LTIP 2022*

The program is directed for one of the company's current board members and the by the nomination committee proposed new board member. Both participants are independent in relation to larger shareholders as well as the Company and its executive management and does not, as of the date of the notice, hold any shares in Embellence Group. Litorina considers that a share-related incentive program is an important part of a competitive remuneration in order to attract, retain and motivate internationally qualified board members, which is important for Embellence Group to reach long-term value creation for the shareholders.

### *Issue of warrants / allocation of warrants*

Litorina proposes that the annual general meeting resolves on an issue of not more than 44,000 warrants, entailing an increase of the share capital, at full exercise, of not more than SEK 110,000. Each warrant shall entitle to subscription for one (1) share.

Board LTIP 2022 includes a maximum of two persons, who shall thus have the right to subscribe for 22,000 warrants each. The right to subscribe for warrants shall, by way of deviation from the preferential right of the shareholders, accrue to one of the company's current board members and the by the nomination committee proposed new board member.

In case of over-subscription, the number of warrants shall be reduced pro rata based upon the number of warrants each respective participant has subscribed for. However, no participant shall receive more warrants than the warrants per person stated above.

The reason for deviating from the shareholders' preferential right is to implement an incentive program and thereby a remuneration structure which connects the remuneration for the board members of Embellence Group to Embellence Group and its long-term value creation and thus also align board members interests with those of the shareholders. LTIP 2022 will be a significant program for Embellence Group to attract, motivate and keep internationally qualified board members, which is important to Embellence Group to reach long-term value creation for the shareholders.

Offer to subscribe for the warrants shall be made as soon as practically possible after the annual general meeting and subscription of the warrants shall be made on a subscription list until and including 20 May 2022. Payment shall be made no later than on 25 May 2022. The board of directors have the right to extend the subscription period and the payment period.

Each warrant shall entitle to subscription for one (1) share in the company. Subscription for shares in accordance with the terms of the warrants is possible during the period from and including 1 June 2025 up to and including 30 June 2025.

The subscription price per share shall correspond to 125 per cent of the volume-weighted average price for the company's share during the time period from and including 4 May 2022 up to and including 17 May 2022, rounded to the nearest full ten cents (Sw. *öre*) whereby five cents shall be rounded up. However, the subscription price shall not be less than the share's quota value. The subscription price and number of shares in which each warrant carries an entitlement to shall be recalculated in the event of split or reversed split of shares, new issue of shares etc. in accordance with market practice.

Shares subscribed for by exercise of the warrants shall entitle to dividend for the first time on the first record date for dividend which occurs after the subscription of shares, by exercising the warrants, is executed.

The board of directors (however, not the board members that Board LTIP 2022 is directed to), or the person appointed by the board of directors, is proposed to be authorised to make minor adjustments to the resolution mentioned above, as may be required in connection with the registration of the resolution with the Swedish Companies Registration Office (Sw. *Bolagsverket*).

#### *Terms and conditions*

The warrants shall be subscribed for on market terms at a price (premium) established on the basis of a market value of the warrants calculated by an independent valuation institute using the Black & Scholes valuation model. The value has preliminary been calculated to SEK 6.32 per warrant based on a subscription price per share of SEK 43.13.

In addition hereto, the terms and conditions set out in [Appendix A.2](#) and [Appendix B.2](#) shall apply.

#### *Pre-emption and termination of employment*

A condition for participants to be offered to subscribe for warrants is that these persons have previously entered into so-called pre-emption agreements in which the participants shall be obligated to offer all warrants to the company, or in partial, if the assignment as board member is terminated or if the warrants shall be transferred or disposed to a third party.

#### *Dilution*

Based on the number of shares in Embellence Group as of the date of the notice to the annual general meeting, the dilution effect due to Board LTIP 2022 will amount to approximately 0.19 per cent. Based on the same assumption and taking into account the number of shares that may be added pursuant to the board of directors' proposal for LTIP 2022 (item 14), the dilution effect due to Board LTIP 2022 and LTIP 2022 may together amount to a maximum of approximately 0.97 per cent. Also considering the number of shares that may be issued pursuant to previous implemented incentive programs in Embellence Group, Board LTIP 2022 and LTIP 2022 the maximum dilution amount to approximately 6.28 per cent.

*Impact of financial ratios and costs for the company etc.*

Board LTIP 2022 is expected to have a marginal impact on the company's financial ratios. The costs for the company associated with Board LTIP 2022 includes administrative costs. The total cost of Board LTIP 2022, assuming full participation, is expected to amount to SEK 200,000 during a period of three years.

*Preparation of the matter*

The principles of Board LTIP 2022 have been prepared by Litorina. The proposal has been prepared with the assistance of external advisors and after consultation with shareholders. Thus, the board of directors have not prepared the proposal.

*Other share-related incentive programs etc.*

For a description of the company's other long-term incentive programs, please see note 31 in Embellence Group's annual report for 2021 and the company's website, [www.embellencegroup.com](http://www.embellencegroup.com).

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*Majority requirements*

A resolution in accordance with the proposal above requires approval of at least nine tenths (9/10) of the shares represented and votes cast at the general meeting.

**Beslut om emission av teckningsoptioner**  
**Resolution to issue warrants**

Aktieägaren Litorina Coinvest 1 AB föreslår att bolagsstämman beslutar om emission av högst 44 000 teckningsoptioner.

*The shareholder Litorina Coinvest 1 AB proposes that the general meeting resolves to issue not more than 44,000 warrants.*

1. Rätt att teckna teckningsoptioner ska, med avvikelse från aktieägarnas företrädesrätt, tillkomma högst två styrelseledamöter i bolaget (varav en föreslås för nyval på årsstämman).  
*With deviation from the shareholders' pre-emptive rights, not more than two board members in the company (of which one is proposed for new election at the annual general meeting) shall be entitled to subscribe for warrants.*
2. Varje teckningsoption ger rätt att teckna en ny aktie i Embellence Group AB (publ) under tiden från och med den 1 juni 2025 till och med den 30 juni 2025, till en teckningskurs motsvarande 125 procent av den volymvägda genomsnittskursen för bolagets aktie under perioden från och med 4 maj 2022 till och med 17 maj 2022, dock som minimum aktiens kvotvärde. Den del av teckningskursen som överstiger aktiernas kvotvärde ska avsättas till den fria överkursfonden. Vid fullt utnyttjande av teckningsoptionerna kommer aktiekapitalet att öka med 110 000 kronor.  
*Each warrant shall entitle the holder to subscribe for one new share in Embellence Group AB (publ) during the period commencing on 1 June 2025 and up to and including 30 June 2025, at an exercise price equal to 125 percent of the volume-weighted average price of the company's share during the period commencing on 4 May 2022 and up to and including 17 May 2022, however as a minimum the quota value of the share. The part of the subscription price which exceeds the shares' quota value shall be allocated to the free share premium reserve. If the warrants are completely exercised the share capital will increase by SEK 110,000.*
3. Teckning av teckningsoptioner ska ske senast den 20 maj 2022. Styrelsen ska dock ha rätt att förlänga teckningstiden.  
*The subscription for warrants shall be made no later than 20 May 2022. However, the board of directors shall have the right to extend the subscription period.*
4. Priset per teckningsoption ska motsvara ett beräknat marknadsvärde med tillämpning av Black & Scholes värderingsmodell beräknat av ett oberoende värderingsinstitut. Betalning för teckningsoptionerna ska ske senast den 25 maj 2022. Styrelsen ska dock ha rätt att förlänga betalningstiden.  
*The price per warrant shall correspond to a calculated market price based on the Black & Scholes valuation method, calculated by an independent valuation firm. Payment for the warrants shall be made no later than 25 May 2022. However, the board of directors shall have the right to extend the payment period.*
5. För teckningsoptionerna ska i övrigt gälla de villkor som framgår av Bilaga B.2.  
*The warrants shall in all other respects be governed by the terms and conditions set forth in Appendix B.2.*

Teckningskursen för teckningsoptionerna liksom antalet aktier som varje teckningsoption ger rätt att teckna kan bli föremål för justering enligt vad som framgår av punkt 8 i villkoren för teckningsoptionerna.

*The exercise price for the warrants and the number of shares to which each warrant provides an entitlement to subscribe may be adjusted in accordance with section 8 of the terms and conditions for warrants.*

Skälet för avvikelser från aktieägarnas företrädesrätt är att implementera ett incitamentsprogram för vissa styrelseledamöter.

*The reason for the deviation from the shareholders' pre-emptive rights is to implement an incentive program for certain board members.*

**Bilaga B.2 / Appendix B.2**

[Bilaggs separat / *Separately attached*]