

## **Board of Directors proposal as to (A) implementation of a long-term share-based incentive programme 2024 and (B) hedging arrangements relating thereto**

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### **Background**

The Board of Directors of Systemair Aktiebolag, co. reg. no. 556160-4108, (“**Systemair**” or “**the Company**”) proposes that the Annual General Meeting (the “**AGM**”) resolve to implement a long-term share-based and performance-related incentive programme (the “**Programme**” or “**LTIP 2024**”). The programme is aimed at senior executives (including the CEO) and employees of the Systemair Group and shall be implemented as soon as practicable following approval of the Board’s proposals to that effect by the Systemair AGM 2024.

The Board wishes to encourage senior executives and employees to make investments in Systemair. On that basis, participation in the Programme requires the Participant (as defined below) to make an investment in Systemair with their own funds as detailed in section A.b) below. The Board believes that the Programme will positively impact Systemair’s development going forward, and will thus benefit both Systemair and its shareholders.

### **A. Implementation of the Programme**

The Board proposes that the Annual General Meeting resolve that the Programme shall be implemented in accordance with the main conditions set out below.

- a) It is proposed that the Programme should target a maximum of 70 permanent employees at the Systemair Group, within the following three categories: President & CEO (1 person) (**‘Group 1’**), Group Management (7 persons) (**‘Group 2’**) and other employees (62 persons) (**‘Group 3’**). The participants in Groups 1–3 are collectively referred to as **‘the Participants’** and individually as **‘the Participant’**.
- b) In order to participate in the Programme, the Participants are offered the opportunity to invest their own funds in shares in Systemair at market price (in an amount corresponding to approximately 8–12 percent of the Participants’ annual salaries), such shares then being allocated to the Programme (**‘Investment Shares’**). For each Investment Share, the Participants have the opportunity to be allocated a maximum of five (5) shares in Systemair (**‘Performance Shares’**) free of charge, either by Systemair or by a designated third party, in accordance with the terms and conditions set out below for the financial years 2024/2025, 2025/2026 and 2026/2027 (the **‘Measurement Period’**). Allocation of Performance Shares will take place after the end of a vesting period, which runs from the start of the Programme up to and including the date of publication of the interim report for the period May–July 2027 (the **‘Vesting Period’**). The right to receive Performance Shares is not transferable.
- c) Notification and information to the Participants in the Programme will be provided during August 2024, with the Programme to subsequently be launched as soon as practicable after the AGM 2024 (although the Board of Directors shall be entitled to postpone this date for individual Participants if justified for particular reasons, but to no later than 31 March 2025).

- d) The Participants may choose to invest in no more than the following number of Investment Shares, which, depending on target achievement, may generate allocation of the maximum number of Performance Shares as follows:

<b>Category</b>	<b>Participant</b>	<b>Maximum number of Investment Shares per Participant</b>	<b>Maximum number of Performance Shares that may be allocated (excluding any Performance Shares as compensation for dividends)</b>
1	President and CEO (1 Participant)	6,000	30,000
2	Group Management (7 Participants)	3,000	15,000
3	Other employees (62 Participants)	1,500	7,500
<b>Total (70 Participants):</b>		<b>120,000</b>	<b>600,000</b>

- e) **'Performance share A'**: One (1) Performance Share A per Investment Share will be allocated if the total shareholder return on Systemair's shares ('TSR'), over a period of ten (10) trading days beginning on the first trading day after the day of publication of the year-end report on the period May 2023–April 2024, compared with the corresponding period after the year-end report on the period May 2026–April 2027, exceeds fifteen (15.0) per cent<sup>1</sup>.
- f) **'Performance share B'**: A maximum of one and a half (1.5) Performance Shares B per Investment Share will be allocated if the average organic annual increase in net sales amounts to or exceeds five percent (5.0) during the Measurement Period. Achievement of the performance target is measured on a financial year basis with an equal allocation for each financial year, whereby the final allocation

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<sup>1</sup> Total Shareholder Return ('TSR') shall be understood as meaning the return to shareholders in the form of share price appreciation and reinvestment of any dividends during the Measurement Period. TSR is calculated by comparing the average closing price of the Company's share over a period of ten (10) trading days beginning on the first trading day after the day of publication of the year-end report on the period May 2023–April 2024, compared with the corresponding period after the year-end report on the period May 2026–April 2027.

will be based on the overall achievement of the individual financial year targets during the Measurement Period.

- g) **'Performance share C'**: A maximum of two (2) Performance Shares C per Investment Share will be allocated if the average annual operating margin (EBIT margin) amounts to or exceeds ten percent (10.0) during the Measurement Period. Achievement of the performance target is measured on a financial year basis with an equal allocation for each financial year, whereby the final allocation will be based on the overall achievement of the individual financial year targets during the Measurement Period.
- h) **'Performance share D'**: A maximum of half (0.5) a Performance Share D per Investment Share will be allocated if no less than two thirds (2/3) of the annual ESG targets set by the Board have been met or exceeded in each financial year during the Measurement Period. Achievement of the performance target is measured on a financial year basis with an equal allocation for each financial year, whereby the final allocation will be based on the overall achievement of the individual financial year targets during the Measurement Period.

At the time of establishing the Programme, the Board has adopted the following ESG targets: i) Increase the proportion of women managers, ii) Reduce Scope 1 and 2 emissions intensity and iii) Reduce the rate of injuries leading to sick leave by 15 percent annually.

- i) In allocating Performance Shares A–D, each target achievement is assessed separately and so for maximum allocation in LTIP 2024, all targets stated above must be achieved.
- j) The period for Participants to invest in Investment Shares shall be 2–27 September 2024. However, the Board of Directors shall be entitled to extend (or postpone) the period for investment, in the event for example that any circumstance should arise during the period preventing acquisition by the Participants, or in the event that any 'closed' or other similar period in which insider information in the company exists should apply, although up to no later than 31 March 2025, inclusive.
- k) Performance Shares A–D may normally not be allocated until after the end of the Vesting Period.
- l) In order for a Participant, where applicable, to be allotted Performance Shares A–D, the Participant must, with certain exceptions, have been permanently employed in the Systemair Group during the entire Vesting Period and the Participant must have retained, until the end of the Vesting Period, the Investment Shares invested within the scope of the Programme. Investment Shares sold prior to the end of the Vesting Period shall not be included in the calculation to determine the allocation of Performance Shares A–D.
- m) The Board shall be entitled to formulate and resolve on the detailed terms and conditions of the Programme and shall be entitled to make reasonable adjustments to meet specific regulatory or market conditions abroad, such as

waiving the requirement to invest in Investment Shares and/or offering cash settlement to Participants. In this context, the Board shall be authorised to implement an alternative incentive solution for employees in countries where participation in LTIP 2024 is not appropriate, in which case the terms and conditions for any such alternative solution shall, as far as practicable, correspond to those of LTIP 2024.

- n) Participation in the Programme is subject to such participation being legally permissible in the jurisdictions concerned. In the event that, in the opinion of the Board, a Participant cannot be allocated Performance Shares A–D at reasonable cost or with reasonable administrative efforts, or in order to facilitate the payment of tax on benefits, the Board shall be authorised to approve a cash settlement for such Participant.
- o) A further condition for participation in the Programme is that Participants enter into an agreement with the Company regarding the full terms and conditions of the Programme. The Board, or person designated by the Board, is authorised to draw up and conclude such agreements with the Participants.
- p) In order to align the interests of the Participants and the shareholders, Systemair will compensate for dividends and other transfers of value to the shareholders during the Vesting Period by increasing the number of shares that each Performance Share A–D entitles the Participant to receive.
- q) The number of Performance Shares A-D shall also be recalculated as a result of any bonus issue (resulting in the issuance of new shares), share split, rights issue and/or other standard corporate events conducted by the Company during the Vesting Period and described in the terms and conditions of LTIP 2024.
- r) The Programme shall comprise a maximum of 640,000 shares in Systemair, represented by no more than 600,000 shares based on allocation of Performance Shares A–D (excluding Investment Shares), and no more than 40,000 shares as compensation for any dividends.

#### *Costs of the Programme etc.*

The costs of the Programme, which are recognised in the income statement, have been calculated in accordance with the IFRS 2 accounting standard, along with provision for anticipated social security contributions, and are reported as accrued over the Vesting Period.

The calculation is based on the closing price for Systemair shares on 3 July 2024, i.e. SEK 77.70 per share, and the following assumptions: (i) an annual dividend yield of approximately 1.7 per cent, (ii) annual employee turnover of 10 percent, (iii) an average achievement of 100 percent of the Performance Condition for Performance Shares A and D, and of 50 percent for Performance Shares B and C and (iv) a maximum of a total 600,000 Performance Shares A–D available for allocation excluding dividend compensation.

In addition to what follows from the above, the costs for the Programme have been based on the assumptions that the Programme comprises 70 Participants, that each Participant

takes up their maximum investment entitlement and that all Investment Shares remain in place at the end of the Vesting Period. In total, the costs of the Programme, calculated in accordance with IFRS 2 are estimated at around SEK 18.5 million, excluding social security contributions (SEK 32.2 million assuming an average achievement of 100 percent of all performance conditions).

The costs of social security contributions are estimated at approximately SEK 6.4 million, based on the above assumptions, and an assumed annual share price increase of 10 percent over the term of the Programme and a tax rate of 25 per cent (SEK 11.2 million at an average of 100 percent achievement of the Performance Condition) for social security contributions.

The expected annual costs of SEK 8.5 million, including social security contributions, represent approximately 0.4 per cent of the Systemair Group's total personnel costs for the financial year 2023/2024.

#### *Impact of the Programme on key performance indicators and dilution*

Upon maximum allocation of Performance Shares A–D, and assuming that no corporate events (other than dividend compensation) necessitating recalculation occur during the Vesting Period, the number of Systemair shares to be allocated free of charge in the Programme totals 640,000, representing approximately 0.31 per cent of the share capital and votes (calculation based on the number of shares in Systemair outstanding on 20 June 2024).

The impact on key performance indicators and earnings per share is marginal.

#### *Hedging and dilution*

To enable implementation of the Programme in a cost-efficient and flexible manner, the Board has considered different methods for delivery of shares in the Programme. These include repurchase and transfer of treasury shares to Programme Participants, the issuance, repurchase and subsequent transfer of shares to Programme Participants, and 'equity swap' agreements with third parties. The Board has also taken into account the fact that delivery of shares in the Programme shall be effected no earlier than during 2027.

The Board proposes that the Meeting resolves, as a main option, that the Company's obligations arising from LTIP 2024 should be fulfilled through repurchase and transfer of treasury shares as described in sections B.1 and B.2 below. In the event that the majority required for sections B.1 and B.2 below cannot be achieved, the Board proposes that Systemair should be able to enter into an equity swap agreement with a third party, as described in section B.3 below.

None of the hedging options will result in an increase in the number of shares in the Company and therefore will not result in any dilutive effect regarding the number of shares issued to existing shareholders.

### **B. Hedging measures in connection with the Programme**

#### *1. Proposal to authorise the Board of Directors to resolve upon acquisition of treasury shares via the stock exchange for the purposes of LTIP 2024*

To ensure Performance Shares are delivered to Participants in both LTIP 2024 and any future incentive programmes, the Board proposes that the Annual General Meeting should resolve to authorise the Board to resolve upon acquisition of a maximum of 640,000 shares in the Company as follows:

- a) The shares shall be acquired on Nasdaq Stockholm in accordance with Nasdaq Stockholm's regulations in force at any given time.
- b) Acquisitions may be made at a price within the price range prevailing at any given time, that is, within the range between the highest bid price and the lowest ask price published on an ongoing basis by Nasdaq Stockholm.
- c) Acquisitions shall be made on a cash payment basis.
- d) The authorisation may be exercised on one or more occasions prior to the AGM 2025.

## 2. *Proposal for resolution as to transfer of treasury shares to Participants in LTIP 2024*

To ensure delivery of Performance Shares to the Participants in LTIP 2024, the Board proposes that the AGM resolve to transfer a maximum of 640,000 treasury shares as follows:

- a) The Participants shall be entitled to receive shares, whereby each Participant shall be entitled to receive the number of shares to which they are entitled in LTIP 2024.
- b) Shares shall be transferred free of charge to Participants in LTIP 2024 at the time and on the terms and conditions applying to LTIP 2024.
- c) The number of Performance Shares that may be transferred shall be recalculated as a result of any bonus issue (resulting in the issuance of new shares), share split, rights issue and/or other standard corporate event conducted during the Vesting Period, as described in the terms and conditions for LTIP 2024.
- d) The reason for the waiver of the preferential rights of shareholders in connection with the transfer of shares is to enable shares in the Company to be delivered in LTIP 2024, and the Board considers it to be in the interests of the Company and the shareholders that Participants in the Programme should be offered the opportunity to become shareholders in the Company in accordance with the terms and conditions of LTIP 2024.

Since LTIP 2024 is not expected to give rise to a need for cash settlement or payment of social security contributions until such time as Performance Shares are allocated, the Board does not propose that the AGM 2024 should also resolve on transfers of treasury shares via the stock exchange in order to secure such payments in terms of liquidity. Before any Performance Shares are transferred to Participants in LTIP 2024, the Board may propose that a subsequent annual general meeting should resolve that transfers of treasury shares may be performed via the stock exchange in order to secure such payments.

## 3. *Equity swap agreements with third parties*

The Board proposes that the AGM, in the event that a sufficient majority as stated in sections B.1 and B.2 above cannot be achieved, should resolve to hedge the financial exposure that is expected to arise via LTIP 2024 by enabling Systemair to enter into 'equity swap agreements' with third parties on market terms, according to which the third party shall be able in its own name to acquire and transfer shares in Systemair to the Participants in LTIP 2024.

## **C. Miscellaneous**

### a) *Specific authorisation*

The Board proposes that the Board or person designated by the Board shall be authorised to undertake any minor adjustments to the above-mentioned draft resolutions as may be

required by formal requirements. If major changes take place in the Systemair Group or in the market that in the Board's view would result in the conditions for allocation of Performance Shares no longer being considered reasonable, the Board shall be authorised to make adjustments to LTIP 2024, including *inter alia* the right to resolve that the number of Performance Shares allocated should be reduced or that no Performance Shares whatsoever should be allocated.

b) *Preparation of the proposal*

The proposed Programme and related hedging measures have, under guidelines issued by Systemair's Board of Directors, been prepared by Systemair's Remuneration Committee, with the assistance of external advisors. The Remuneration Committee has presented its work to the Board, whereupon the Board has decided to propose that the Programme and related hedging measures be adopted at the AGM 2024. Neither the CEO nor any other person who may be eligible for inclusion in LTIP 2024 has participated in the Board's preparation of or resolution on the proposal.

c) *Rules on majority voting*

The resolution of the AGM as per section A., above, requires a majority of more than half of the votes cast. In order for a resolution as per the proposal in section B.1 above to be valid, it must be supported by shareholders representing no less than two thirds of both the votes cast and the shares represented at the AGM. In order for a resolution as per the proposal in section B.2 above to be valid, it must be supported by shareholders representing no less than nine tenths of both the votes cast and the shares represented at the AGM. In order for a resolution as per section B.3 above to be valid, it must be supported by a majority of more than half of the votes cast.

d) *Earlier incentive programmes at Systemair*

For an account of the Company's other ongoing incentive programmes, see Note 11 of the 2023/2024 Annual Report and the Board of Directors' 2023/2024 Remuneration Report. Other than the programmes described above, the Company is not operating any other long-term incentive programmes.

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Skinnskatteberg, July 2024  
**Systemair AB (publ)**  
*Board of Directors*