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Proposal by the Board of Directors of Alleima AB for a long-term incentive program (LTI 2025)

Background

The Board of Directors considers that long-term incentive programs are of great importance to align the interests of the participants and the shareholders, for strengthening the Alleima Group's ability to attract, retain and motivate qualified employees and for strengthening Alleima's focus and objective to meet its long-term business goals. Accordingly, the Board of Directors proposes that the Annual General Meeting resolve on a long-term incentive program for senior executives and key employees for 2025 ("LTI 2025") on the below terms and conditions.

General

LTI 2025 encompasses 30 senior executives and key contributors in the Alleima Group. The maximum number of Alleima shares that can be allocated pursuant to LTI 2025 is 490,420 shares, which corresponds to approximately 0.20 percent of the number of outstanding shares in Alleima.

In order to participate in LTI 2025 the employee is required to invest in Alleima shares at market price no later than June 15, 2025 ("Investment Shares"). In the event that the employee is not able to invest before this date due to being entered in an insider list (logbook) kept by Alleima, the Board of Directors shall be entitled to postpone the date of investment for such employee. The employee may within the scope of LTI 2025 invest up to an amount corresponding to eight (8) percent of the employee's fixed annual salary before tax at the time of the investment.

Provided such acquisition of Investment Shares is made, participants of LTI 2025 will be entitled to allotment of Alleima shares, free of charge, after a period of three years on the terms and conditions set forth below.

Performance Shares

Each acquired Investment Share entitles participants to be allotted Alleima shares provided certain performance targets are met ("Performance Shares"). The maximum number of

Performance Shares that may be allotted for each acquired Investment Share depends on the participant's program category as follows:

- 7.5 for the President and CEO,
- 6 for each additional member of the group executive management (currently 9 persons), and
- 4 for each senior manager or key contributor (20 persons).

Group executive management shall nominate the persons that are to be offered participation in LTI 2025 and will be included in the category "senior manager or key contributor", based on position, qualification and individual performance. All nominations are to be approved by the President and CEO.

The number of Performance Shares that will finally be allotted to the participant for each acquired Investment Share is dependent on the development of the Alleima Group's (i) adjusted earnings per share, excluding (a) metal price effects and (b) items affecting comparability (IAC) ("adjusted EPS") and (ii) reduction of carbon dioxide (CO₂). The targets (adjusted EPS and CO₂ emission) are weighted among themselves at 90 and 10 percent, respectively and added together to determine the total target fulfilment.

Prerequisites for allotment

The Board of Directors established the minimum and maximum level regarding adjusted EPS for 2025 in January 2025 and will establish the target levels for the coming years in January 2026 and 2027, respectively. Target fulfilment is defined as change in adjusted EPS from one year to the next year, expressed as a percentage, within a range with a minimum outcome and a maximum outcome. The achievement of the adjusted EPS target is measured separately for each of the three performance years of the incentive program, with each year corresponding to one-third of the target achievement. When the program concludes after three years, the results of the three years are combined to calculate the total three-year achievement for adjusted EPS. The distribution of Performance Shares to participants is based on this total achievement, which covers the entire three-year period.

For the fulfilment of the CO₂ emission reduction target, a minimum reduction to 93,500 CO₂ ton emission is required from 2025 to 2027. For maximum fulfilment of the CO₂ emission reduction target, a reduction to 87,950 CO₂ ton emission is required from 2025 to 2027.

After three years, 2025–2027, the outcome for LTI 2025 is determined. The levels of adjusted EPS required for allotment and the extent to which the established levels are attained will be disclosed in the 2027 Annual Report.

The allotment of Performance Shares requires continuous employment and that all Investment Shares be held during a period of three years from the acquisition of the Investment Shares (“Vesting Period”). The Board of Directors may in special cases grant exemptions from these requirements.

If the prerequisites for allotment set forth for LTI 2025 are met, allotment of Performance Shares will take place during 2028, and no later than June 15, 2028. The allotment will take place free of charge, subject to tax.

Adjustment of the number of Performance Shares etc.

Before the allotment of Performance Shares takes place, the Board of Directors shall consider whether the number of Performance Shares is reasonable taking into account the financial results and position of Alleima, the impact of larger acquisitions, divestments and other significant capital transactions, stock market conditions and other circumstances. If the Board of Directors deems that this is not the case, the Board of Directors shall reduce the number of Performance Shares to the lower number the Board of Directors finds appropriate or decide that no allotment should take place.

In the event of a bonus issue, split, rights issue and/or other similar events in Alleima, the Board of Directors shall be entitled to decide on the recalculation of the terms of LTI 2025.

An alternative cash-based incentive solution may be implemented for participants in countries where the acquisition of Investment Shares or allotment of Performance Shares is not appropriate, or if such solution is otherwise considered appropriate. Such alternative incentive solution shall to the extent practically possible be designed to correspond to the terms of LTI 2025. The President and CEO shall, in such an instance as described above and within the framework for LTI 2025 as set out by the General Meeting, be authorized to decide that certain persons who would otherwise have been offered shares within LTI 2025, are to be offered participation in the alternative cash-based incentive solution instead.

The Board of Directors shall be responsible for the detailed design and administration of LTI 2025 based on the main terms set forth herein. The right to be allotted Performance Shares cannot be transferred and does not give the participant a right to compensation for dividend distributed during the Vesting Period with respect to the underlying shares.

Costs of LTI 2025 and hedging arrangements

The number of Alleima shares that will be needed for LTI 2025 will depend on the Alleima share price at investment and the participation rate. To secure an adequate number of shares, given the increased market volatility, a Alleima share price of SEK 70 has been used when calculating the maximum number of shares needed. Based on this share price the total cost of LTI 2025 is

estimated at up to SEK 31.3 million. The costs have been calculated as the sum of personnel costs, including social security costs of SEK 7.5 million, and administration costs of approximately SEK 0.4 million for the program. Based on a share price of SEK 120 (which would result in fewer Alleima shares being needed) the total cost is estimated at up to SEK 32.8 million, of which SEK 7.5 million constitutes social security cost and approximately SEK 0.4 million constitutes administration costs. The costs for LTI 2025 will be allocated over the years 2025–2027.

Alleima intends to secure its commitment to deliver Alleima shares under LTI 2025 through a share swap agreement with a third party. The cost for such share swap is a one-time payment at approximately SEK 250,000, regardless of whether the calculation is based on a share price of SEK 70 or SEK 120, under the assumption that full allotment takes place and that all employees participate in the program and acquire the maximum amount of Alleima shares. This cost may, however, be off-set by the value of possible dividends.

Preparation of the proposal

The proposal has been prepared by the Board's Remuneration Committee and has been discussed and resolved on by the Board of Directors. The President and CEO has not taken part in the Board of Directors' discussion and resolution with respect to the proposal.

Majority requirement

The resolution regarding LTI 2025 requires a majority of more than half of the votes cast at the General Meeting.

Other

For a description of other long-term incentive programs within Alleima reference is made to note 3 in Alleima's 2024 Annual Report and to the company's website.