



Appendix item 18

The Board of Directors proposal for implementation of a long-term incentive program based on performance shares

The Board of Directors proposes that the Annual General Meeting resolves to implement a long-term incentive program ("LTIP 2024") based on performance shares according to the following:

Purpose

The LTIP 2024 is designed to create long-term incentives for members of the corporate management including the President & CEO and Vice President, business unit managers, and other senior executives ("Participants").

The main purpose of LTIP 2024 is to create additional incentives for increased commitment and performance among the Participants, to strengthen the possibilities of recruiting and retaining key personnel, and to create a common ownership interest between the Participants and the shareholders.

The Board intends to annually propose an incentive program with a corresponding structure.

Description of LTIP 2024

LTIP 2024 is proposed to include all current and future members of the circle of Participants, up to a maximum of twelve employees. It is proposed that the program, which involves a requirement for personal investment, shall consist of performance shares. According to the proposal, LTIP 2024 may include up to a maximum of 108,250 Class B shares in the Company, equivalent to approximately 0.2 percent of all shares and 0.2 percent of all votes in Momentum Group, before any adjustments due to the company events specified below.

To implement LTIP 2024 in a cost-effective and flexible manner, the Board has considered various methods for the transfer of Class B shares in the Company. The Board has concluded that the most cost-effective option is, and therefore proposes as the primary alternative for the Annual General Meeting to decide, to authorize the Board to decide to transfer Class B shares already held by the Company after repurchases, free of charge, to the Participants. Further details of the terms of the Board's primary alternative are set out in point B below.

In the event that the required majority under point B below cannot be achieved, the Board proposes that the Company be able to enter into share swap agreements with a third party in accordance with point C below.

A. Decision on Long-Term Incentive Program based on Performance Shares

The Board proposes that the Annual general Meeting decides to implement a long-term incentive program based on performance shares in accordance with the following:

Investment Requirement

To participate in LTIP 2024, Participants are required to invest in Class B shares of Momentum Group, and these shares are allocated to LTIP 2024. The maximum amount that Participants can invest in Momentum Group shares under LTIP 2024 corresponds, on average, to approximately 10 percent of the Participant's annual base salary before tax at the time of registration for LTIP 2024 ("Investment Shares"), as further detailed below. Only Class B shares in the Company purchased by Participants during the period from May 15, 2024, to August 31, 2024 ("Investment Period") can be allocated to LTIP 2024. Any Momentum Group shares already held by Participants at the implementation cannot be counted as Investment Shares in LTIP 2024.

If a Participant is prevented from acquiring Momentum Group shares at the time of registration for LTIP 2024 due to market abuse regulations or similar rules, Investment Shares shall instead be acquired as soon as such restrictions no longer apply.

Performance Share Rights

Allocation under LTIP 2024 is free of charge and entitles the Participant to receive, for each Investment Share, a certain number of Class B shares in Momentum Group free of charge after the end of a three-year vesting period ("Performance Share Rights"). Each Performance Share Right entitles the holder to receive one (1) Class B share in Momentum Group. Allocation of Class B shares in Momentum Group pursuant to the Performance Share Rights is subject to the fulfillment of the performance criteria specified below and will typically require the Participant to remain in employment and retain all their Investment Shares for a period of approximately three years from the launch of the program until August 31, 2027 ("Vesting Period").

Allocation of Performance Share Rights will typically occur as soon as practicable after the Investment Period or a later date for newly hired Participants, but no later than November 30, 2024.

The Company will not compensate for forgone dividends and other value transfers that align with Momentum Group's dividend policy and previous dividend levels during the Vesting Period. The number of Momentum Group shares to which each Performance Share Right entitles may be adjusted due to, among other things, bonus issues, consolidation, cancellation, or division of shares, new issues, reduction of share capital, extraordinary dividends, or similar actions. Transfer of shares may be expedited due to mergers, divisions, major acquisitions or disposals, or similar actions.

Performance Criteria and Allocation

The vesting of Performance Share Rights depends on the extent to which the performance criteria are met during the period from January 1, 2024, to December 31, 2026 ("Performance Period"), determining the extent (if any) to which Performance Share Rights entitle Participants to receive Class B shares in Momentum Group at the end of the Vesting Period. If the minimum level is not achieved, the Performance Share Rights will not entitle to any Class B shares in Momentum Group, and if the maximum level is achieved, each Performance Share Right entitles to one Class B share in Momentum Group.

The performance criteria for the allocation of Class B shares in Momentum Group are based on:

DESCRIPTION OF PERFORMANCE CRITERIA	RELATIVE WEIGHT OF PERFORMANCE CRITERIA	MAX/MIN ALLOCATION
Earnings per share	85%	The minimum allocation of 1 Performance Share Right at an average EPS growth of 7%, increases linearly to full allocation of 5 Performance Share Rights at an average EPS growth of 20%.
Average annual percentage increase in earnings per share of Class B shares in the Company (Earnings Per Share growth or "EPS growth") during the period from January 1, 2024, to December 31, 2026*		

Sustainability related criteria

Industrial improvements	10%	Reached target = 100% allocation
A qualitative measure supporting Momentum Group's efforts towards a sustainable industry, with the objective formulated during 2024.		Not reached target = 0% allocation
Sustainable supplier base	5%	Reached target = 100% allocation
85% (in relation to purchase volume) of suppliers adhering to Momentum Group's code of conduct or equivalent by 2026 based on the companies that have been part of the group throughout the year.		Not reached target = 0% allocation

* EPS is calculated on the number of issued shares, i.e., including shares repurchased by Momentum Group. EPS growth is calculated based on the geometric mean (CAGR).

Below are the maximum number of Class B shares in Momentum Group that Participants in each category can invest in Investment Shares under LTIP 2024, as well as their respective allocation of Performance Share Rights. The maximum number of Investment Shares per Participant is based on a calculated purchase price per Investment Share, corresponding to the market price of Class B shares in the Company at the preparation of the Board's proposal.

Category 1: (CEO) The CEO can invest in up to 4,250 Investment Shares. Each Investment Share entitles the CEO to receive 5 Performance Share Rights.

Category 2: (Group Management) Other employees in the group management (1 person) can invest in up to 2,400 Investment Shares. Each Investment Share entitles the holder to receive 5 Performance Share Rights.

Category 3: (Business Unit Managers and other senior executives) Employees in category 3 (up to 10 people) can invest in up to 1,500 Investment Shares. Each Investment Share entitles these participants to receive 5 Performance Share Rights.

CATEGORY	MAXIMUM NO. OF INVESTMENT SHARES PER PARTICIPANT	MAXIMUM NO. OF INVESTMENT SHARES PER CATEGORY	NO. OF PERFORMANCE SHARE RIGHTS PER INVESTMENT SHARE	MAXIMUM NO. OF PERFORMANCE SHARES
CEO	4,250	4,250	5	21,250
Other group management (1 person)	2,400	2,400	5	12,000
Business Unit Managers and other senior executives (up to 10 people)	1,500	15,000	5	75,000
Total	-	21,650	-	108,250

Allocation of Shares

Provided that the aforementioned performance conditions have been met during the Performance Period and that the Participant has remained in employment (unless specific conditions apply) and retained their Investment Shares during the Vesting Period, allocation of Momentum Group shares ("Performance Shares") shall occur as soon as practicable after the end of the Vesting Period. The Board may, provided it is cost-neutral for the Company, decide to offer Participants a reduction in the number of Performance Shares equivalent to the income tax, resulting in a net allocation of Performance Shares.

To enable control and create predictability regarding the maximum outcome per Participant and the costs of LTIP 2024, the maximum value of the Performance Shares that can be allocated from each Performance Share Right is limited to 300 percent of the volume-weighted average purchase price of the Momentum Group share on Nasdaq Stockholm during the Investment Period. Should the value of the allocation of Performance Shares per Performance Share Right on the date of allocation exceed this amount, a proportional reduction in the number of Performance Shares to be allocated shall occur so that the amount is not exceeded. A corresponding reduction may occur in the event that the total number of shares covered by LTIP 2024 would be exceeded.

In assessing the final outcome regarding the Performance Share Rights, the Board shall consider whether the level of vesting is reasonable in relation to the Company's financial results and position, market conditions, and other factors, and if the Board deems otherwise, reduce the allocation to a lower level deemed appropriate by the Board.

If Participants cannot be allocated Performance Shares under applicable law, at a reasonable cost, or with reasonable administrative efforts, the Board may decide to offer Participants an allocation in cash.

B. Decision on Transfer of Treasury Shares of Class B to Participants in LTIP 2024

The Board proposes that the Annual General Meeting decides on the transfer of treasury shares of Class B in the Company under the following conditions:

- Up to 108,250 Class B shares in the Company may be transferred to the Participants.
- Transfer of Class B shares in the Company to Participants shall be free of charge and executed at the time specified in the terms of LTIP 2024.
- The right to acquire Class B shares in the Company free of charge shall, contrary to the shareholders' preferential rights, be granted to the Participants.

- d. The number of Class B shares in the Company that may be transferred under LTIP 2024 shall be recalculated due to any potential bonus issue, split, rights issue, and/or other similar corporate actions in a manner deemed appropriate by the Board to achieve a satisfactory result.

In total, up to 108,250 Class B shares in the Company may be transferred under LTIP 2024. As of February 29, 2024, the number of treasury shares of Class B held by the Company amounted to 1,083,026.

The transfer of Class B shares in the Company constitutes a measure to achieve the proposed LTIP 2024. The reason for deviating from the shareholders' preferential rights is that the Board considers it advantageous for the Company and the shareholders to offer Participants the opportunity to become shareholders in the Company.

C. Decision on Entering into Share Swap Agreement with Third Party

The Board proposes that the annual general meeting decides that the delivery of shares in LTIP 2024 may be carried out by the Company entering into a share swap agreement with a third party on market terms, whereby the third party shall be able to acquire and transfer shares to the Participants in its own name. The Board intends to use this option only if the proposal under point B above is not approved.

Costs, Dilution, and Impact on Key Metrics

The costs of LTIP 2024, reported in the income statement, are calculated in accordance with the accounting standard IFRS 2 and are spread over the Vesting Period. The calculation has been based on a share price for Class B in the Company of SEK 123.00 (closing price on March 20, 2024), and the assumption of an estimated annual employee turnover of 10 percent, an annual share price increase of 10 percent, as well as achievement of the performance criteria for EPS growth of 50 percent and for sustainability-related conditions of 100 percent. Additionally, the costs of LTIP 2024 have been based on the program involving up to 12 Participants, and each Participant making a maximum investment.

The total cost over the entire program period, given the above assumptions, for LTIP 2024 is estimated according to IFRS 2 to be approximately SEK 5.4 million excluding social charges (approximately SEK 9.4 million with achievement of the performance condition for EPS growth and sustainability-related conditions of 100 percent). Social charges are estimated to amount to approximately SEK 2.4 million, based on the assumption of a 30 percent social charge rate (approximately SEK 4.2 million with achievement of the performance condition for EPS growth and sustainability-related conditions of 100 percent). The expected annual costs of approximately SEK 2.6 million, including social charges, correspond to approximately 0.5 percent of the Group's total personnel costs for the financial year 2023 (0.8 percent with achievement of the performance condition for EPS growth and sustainability-related conditions of 100 percent).

According to the proposal, LTIP 2024 may involve up to 108,250 Class B shares in Momentum Group, which corresponds to approximately 0.2 percent of all outstanding shares and approximately 0.2 percent of all its votes in Momentum Group, before any adjustments due to the corporate events mentioned above. Since the proposal does not involve the issuance of new shares, LTIP 2024 does not dilute existing shareholders' votes or share capital. The impact on key metrics is only marginal.

Conditions

The decision of the Annual General Meeting regarding LTIP 2024 as per point A above is subject to the Annual General Meeting either deciding in accordance with the Board's proposal under point B or point C above.

Preparation of the Proposal, etc.

The proposal for LTIP 2024 has been prepared by Momentum Group's Remuneration Committee and approved by the Board of Directors. Within the framework of the conditions and guidelines provided above, the Board shall be responsible for the implementation and management of LTIP 2024. All significant decisions related to LTIP 2024 will be made by the Remuneration Committee, with the approval of the Board in its entirety when required.

Description of Ongoing Variable Compensation Programs

Momentum Group has no outstanding share-based incentive programs. The Company's ongoing variable compensation programs are described in the annual report for 2023 in Note 4 to the consolidated financial statements and are also described in the Company's compensation report for 2023, which also outlines how Momentum Group applies its compensation policies to senior executives.

Decision Majority

The decision of the Annual General Meeting in accordance with the Board's proposal under point A above requires a majority of more than half of the votes cast at the Meeting. The decision of the Meeting in accordance with the Board's proposal under point B above requires the approval of shareholders representing at least nine tenths (9/10) of both the votes cast and the shares represented at the Meeting. For a valid decision according to the Board's proposal under point C above, a majority of more than half of the votes cast at the Meeting is required.

Stockholm, April 2024

Momentum Group AB (publ)

Board of Directors