



## **Proposal by the Board of Directors on resolutions regarding (A) directed issue of subscription warrants of series 2022/2026 and (B) transfer of subscription warrants to the executive management and other key employees in the RevolutionRace group (LTIP 2022/2026)**

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### *Background and reasons*

The Board of Directors of RVRC Holding AB (publ) (the "**Company**") proposes that the Annual General Meeting 2022 (the "**AGM**") resolves on adoption of a long-term share-related incentive program ("**LTIP 2022/2026**") for approximately 25 current and potential future senior executives and other key employees in the RevolutionRace group (the "**Participants**"), including issue and subsequent transfer of a maximum of 2,125,000 subscription warrants.

The purpose of LTIP 2022/2026 is to, in a simple manner, offer the Participants the opportunity to take part in a value growth that is related to and dependent on the long-term value growth for the Company's shareholders and which the Participants contribute to create. The Board of Directors considers that it is to the advantage of both the Company and its shareholders that the Participants are engaged in the Company by way of a personal holding in the Company. The structure of the program, with a duration of 3.5 years, is deemed to contribute to the fulfillment of the Company's long-term business plan, strategy, and financial goals and is expected to improve the Company's opportunities to recruit and retain competent employees.

### *Proposal by the Board of Directors on LTIP 2022/2026*

The subscription warrants in LTIP 2022/2026 are proposed to be issued in one series (series 2022/2026). The subscription warrants are proposed to be issued to the Company's wholly-owned subsidiary RevolutionRace Holding AB (the "**Subsidiary**"), with subsequent transfer to the Participants at market price and according to the allocation principles set out below. Each subscription warrant entitles the holder to subscribe for one (1) share in the Company. The price upon transfer of the subscription warrants shall be determined by PricewaterhouseCoopers based on a calculated market value for the subscription warrants at the time of the transfer by application of the Black-Scholes valuation method.

To implement LTIP 2022/2026, the Board of Directors proposes that the AGM resolves on (A) directed issue of subscription warrants, and (B) transfer of subscription warrants of series 2022/2026 as set out below.

### **A. Directed issue of subscription warrants of series 2022/2026**

In order to implement LTIP 2022/2026, the Board of Directors proposes that the AGM resolves on a directed issue of subscription warrants with deviation from the shareholders' preferential right as follows.

1. The number of subscription warrants amounts to a maximum of 2,125,000.
2. The right to subscribe for the subscription warrants shall, with deviation from the shareholders' preferential right, vest in the Subsidiary, with right and obligation for the Subsidiary to transfer the subscription warrants to the executive management and key employees within the RevolutionRace



group, according to the principles set out below. The Subsidiary shall not be entitled to dispose of the subscription warrants in any other way.

3. The subscription warrants are issued to the Subsidiary against a consideration corresponding to the market value of the subscription warrants at the time of subscription, which shall be determined by PricewaterhouseCoopers by application of the Black-Scholes valuation method based on the market conditions at the time of subscription.

4. Subscription of the subscription warrants shall be made no later than 31 December 2022, with a right for the Board of Directors to extend the time for subscription and payment. There will be no oversubscription.

5. Each subscription warrant entails the right to subscription for one (1) new share in the Company.

6. The subscription price for new shares shall correspond to 140 per cent of the volume weighted average price paid for the Company's share on Nasdaq Stockholm during the period from and including 2 November 2022 until and including 9 November 2022 ("the **Subscription Price**"). The calculated Subscription Price shall be rounded to the nearest SEK 0.01, whereupon SEK 0.005 shall be rounded upwards.

7. Subscription for shares by virtue of the subscription warrants can be effected during the period 15 November 2025–15 May 2026.

8. If all subscription warrants are subscribed for and exercised for subscription of new shares, the share capital will increase by a maximum of SEK 21,250.

9. The newly issued shares shall entitle to dividends from and including the first record date for dividend occurring after the shares have been registered with the Swedish Companies Registration Office.

10. If the Subscription Price at the time of subscription exceeds the quota value of the previous shares, the excess amount shall be transferred to the unrestricted share premium reserve.

11. The subscription warrants may be subject to recalculation according to customary recalculation principles due to, inter alia, bonus issue, consolidation or share split, rights issue, or similar events.

12. The full terms and conditions for the subscription warrants are set forth in "*Terms and conditions for subscription warrants series 2022/2026 regarding subscription for shares in RVRC Holding AB (publ)*", [Appendix 1](#).

#### **B. Transfer of subscription warrants series 2022/2026**

In order to implement LTIP 2022/2026, the Board of Directors proposes that the AGM approves the transfer of subscription warrants from the Subsidiary to the Participants on the following terms.

1. A total of no more than 2,125,000 subscription warrants of series 2022/2026 may be transferred.

2. The right to acquire subscription warrants shall, with deviation from the shareholders' preferential right, vest in the Participants according to the following guidelines:



Category	Maximum number of subscription warrants per person
Level 1 – CEO	750,000
Level 2 – other members of the executive management (currently 7 persons) <sup>1</sup>	200,000
Level 3 – other key employees (currently 15 persons)	50,000

3. Transfer of subscription warrants shall be effected against a consideration corresponding to the market value of the subscription warrants at the time of transfer, which shall be determined by PricewaterhouseCoopers by application of the Black-Scholes valuation method based on the market conditions at the time of transfer. The calculation is based on a risk-free interest rate that is determined at the time of transfer, a preliminary estimated volatility of 33 per cent, the duration of the subscription warrants, expected share dividends during the duration of the subscription warrants, the stock market price at the time of transfer, and the Subscription Price for shares when the subscription warrants are exercised.

4. Transfer of the subscription warrants is intended to be effected as soon as possible after the Subscription Price has been determined. Transfer to any additional Participants (new recruitments or promotions) may, however, take place up until and including 30 June 2023, in order to enable participation in LTIP 2022/2026 for such additional Participants. The reason why potential future employees, or employees who have been promoted, may be allotted subscription warrants at such date that the time from the allotment until the subscription period for shares begins may be less than three years, is that the Board of Directors considers it essential that such employees, for the same reasons that apply to LTIP 2022/2026 in general, are given the opportunity to take part in a value growth in the company's share already at the start of employment/position.

5. When acquiring the subscription warrants, the Participant shall enter into a pre-emption agreement with the Subsidiary on customary terms and conditions set out by the Board of Directors.

6. In connection with the transfer of the subscription warrants, the Participants will receive a subsidy in the form of a salary supplement from the Company net corresponding to 50 per cent of the amount that the Participant has paid for the subscription warrants (warrant premium). The subsidy is paid out no later than in connection with the ordinary salary payment in December 2022. The Board of Directors may, if deemed necessary in individual cases, resolve on alternative payment schedules, whereby the intention is that this will be the case with respect to any subsidy payments to any additional Participants, or that any subsidy under certain circumstances will not be paid in whole, or in part, or may be reclaimed, subject to the limitations which may follow from applicable law.

*Reasons for deviation from the shareholders' preferential right*

The reasons for the deviation from the shareholders' preferential right are that the Board of Directors wishes to create an incentive program for the executive management and key employees

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<sup>1</sup> Except for Niclas Nyrensten, who will not participate in the program.



through which they are offered the opportunity to take part in the value growth in the Company's share. The basis for the Subscription Price is the share's market value at the time of the issue.

#### *Dilution, costs and effects on important key figures*

Assuming that all 2,125,000 subscription warrants that are issued by reason of LTIP 2022/2026 are exercised for subscription of new shares, the Company's share capital will increase by SEK 21,250, resulting in a maximum dilution effect corresponding to approximately 1.88 per cent calculated as the number of new shares in proportion to the number of existing shares.

The costs of LTIP 2022/2026 consist of the subsidy that may be paid in connection with the transfer of the subscription warrants as described above and the social security contributions incurred for this subsidy. The total cost for the subsidy is estimated to be approximately MSEK 9.8 (before corporate tax and MSEK 7.8 after corporate tax) over the duration of the program. Against the subsidy, the warrant premium corresponds to a total of approximately MSEK 7.4, which the Company receives for the transfer of the subscription warrants. All cost information is calculated based on a share price of SEK 22.74. Otherwise, LTIP 2022/2026 is not expected to entail any significant costs for the Company. For that reason, no measures have been taken to secure the program.

The key figure earnings per share for the financial year 2021/2022, including dilution effect and cost for subsidy, had in such case been affected such that the result per share had been reduced by approximately SEK 0.07 from SEK 2.55 to SEK 2.48. The above is subject to re-calculations of the subscription warrants in accordance with the customary terms stated in the complete terms and conditions.

#### *Other incentive programs in the Company*

The Company has one existing long-term incentive program for the executive management and certain key employees, which is called LTIP 2021/2024. LTIP 2021/2024, which in all material respects is similar to the proposed LTIP 2022/2026, includes a maximum of 1,889,677 subscription warrants, of which 1,777,211 subscription warrants have been allotted to Participants in the program. Assuming that all subscription warrants that have been issued are exercised for subscription of new shares, the Company's share capital will increase by SEK 18,896.77, which corresponds to a dilution of approximately 1.65 per cent calculated as the number of new shares in proportion to the number of existing shares. Subscription warrants in series 2021/2024 can be exercised during the period 1 July–31 December 2024. The Subscription Price currently corresponds to SEK 96.88.

#### *The preparation of the proposal*

The proposed program has been prepared by the Company's Remuneration Committee and with the help of external advisers and resolved by the Company's Board of Directors without the participation of board member who is part of the Company's executive management. In connection with the preparation of the proposal, the Company's major shareholders (Altor Fund IV (No.1) AB and Altor Fund IV (No.2) AB and Nyrensten Global Holding AB, who together represent approximately 57.5 per cent of the votes in the Company) have been consulted for feedback and input on the structure of the program. These owners are supportive of the final proposal, but it should be noted that they are not legally obliged to vote in favour of the proposal at the AGM.

#### *Authorisation*

The Board of Directors proposes that the Chairperson of the Board of Directors, or the person appointed by the Board of Directors, is authorised to make such minor adjustments that may prove to be necessary in connection with registration of the Board of Directors' resolution herein with the Swedish Companies Registration Office and Euroclear.



*Majority requirement*

The Board of Directors' proposal in accordance with items A and B above is proposed to be adopted as one joint resolution with application of the majority requirements in Chapter 16 of the Swedish Companies Act, which means that shareholders representing at least nine tenths of the votes cast and shares represented at the AGM must vote in favour of the resolution.

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Borås in October 2022  
**RVRC Holding AB (publ)**  
*The Board of Directors*