

THE BOARD'S PROPOSAL FOR RESOLUTION ON A PERFORMANCE-BASED INCENTIVE PROGRAM (LTI 2023)

The board proposes that the general meeting resolves to adopt a performance-based incentive program (“**LTI 2023**”) for certain employees and contractors in the Midsummer AB group (the “**Company**”). If the meeting adopts LTI 2023, the board intends to subsequently provide notice of target levels and results not later than at the annual general meeting in 2026.

Summary and reasons

The board believes that the implementation of a broad performance-based incentive programme focused on premiering growth while aiming towards profitability will be beneficial for the Company's ability to reach its business targets and will contribute to the Company's ability to retain and recruit employees.

Considering the above, the board proposes the implementation of LTI 2023 under which participants will be allotted securities and performance rights. To ensure and maximise the employee's engagement in the Company, allocation of these rights in LTI 2023 will be conditional upon the participants allocating privately owned, so-called, Saving Shares to the program. The board's intention is that the incentive programme will run over a long-term period, thus the board intends to propose the general meeting in the coming years to resolve upon similar incentive programmes.

To be able to implement LTI 2023 in a cost-efficient and flexible manner, the board has considered various methods for allotment to the participants under LTI 2023 and hedging the program's costs, such as a swap agreement with a third party, as well as transfer of warrants entitling to subscription of new shares. The board has also taken into consideration that delivery of shares or warrants under LTI 2023 will be made no earlier than 2026. To retain full flexibility, the board proposes that shares can be delivered with any of the above alternate methods (in accordance with the proposals below and the board's proposal on directed issue and transfer of warrants), with the right for the board to combine or choose any of the methods.

To be able to implement LTI 2023 in a cost-efficient manner, the board's proposal for LTI 2023 is conditional on that the general meeting also resolves on the delivery and hedging methods proposed under item 8 b) on the agenda.

Participant terms and conditions for LTI 2023

A total of 123 employees (including a small number of contractors) of the Company will be offered to participate in LTI 2023.

To participate in LTI 2023, the participants must allocate privately held shares in the Company (“**Saving Shares**”) to the program. Within LTI 2023, each participant may allocate the following number of Saving Shares:

<i>Group</i>	<i>Category</i>	<i>No. of participants</i>	<i>Saving Shares</i>
Group 1	CEO and EVP	2	15,000
Group 2	Ext. Group Management	13	10,000
Group 3	Other employees	108	2,000

Matching Rights and Performance Rights

Allotment

Each Saving Share acquired in LTI 2023 will entitle the participant to one (1) matching right (the “**Matching Rights**”) and three (3) performance rights (the “**Performance Rights**”).

Matching Rights and Performance Rights are allotted without payment of any consideration.

Potential Award

A Matching Right and a Performance Right mean that a participant in the program is entitled, for each held right, to acquire up to one warrant in the Company (a "**Share Right**") with a right for its holder to acquire a share in the Company for a price equal to the share's quota value (SEK 0.04), provided that the below qualifying terms and conditions have been fulfilled.

Maintained assignment

The participant must be an employee or contractor of the Company up until the announcement of the Company's interim report for the first quarter of 2026, or if no such report is published, 1 June 2026 (the "**Qualifying Period**").

Retention

The participant may not have sold any of the Savings Shares allocated to the Program during the Qualifying Period.

Performance Targets (only applicable regarding the Performance Rights)

For the Performance Rights to entitle full award of Share Rights, the Company must reach two performance targets for the period between and including Q2 2025 and Q1 2026 based on turnover and EBITDA (the "**Performance Targets**").

If the Performance Targets are not met, the number of Share Rights a Participant can be awarded under LTI 2023 for the Performance Rights held by the Participant, will be reduced gradually down to zero, depending on the extent the Performance Targets are reached. The two levels that are measured are "**Entry**" and "**Target**", whereas a Performance Right will not give right to any award if the performance falls below the Entry level and it will give right to the full award if the Target level is reached or exceeded, with linear allotment between them.

Other terms and conditions

The following terms and conditions otherwise apply to the Matching Rights and the Performance Rights.

The profit per allotted Matching Right and Performance Right is limited to a maximum amount corresponding to an increase in value of 400 per cent of the Midsummer AB share price.¹ In the event the profit exceeds this limit, an adjustment shall be made by recalculating downwards to a corresponding extent the number of Share Rights the participant will receive per Matching Right and Performance Right.

Participants are not entitled to transfer, pledge, or sell the Matching Rights and the Performance Rights, or to exercise any shareholder rights with respect to the Matching Rights and the Performance Rights, during the Qualifying Period.

Structure and administration

The board is responsible for the more detailed structure and administration of LTI 2023 as well as the detailed terms and conditions which shall apply between the Company and the participant under the program, within the scope of the terms and conditions and guidelines set forth herein. In conjunction with this, the board shall be entitled to establish different terms and conditions for the program regarding, among other things, the Qualifying Period and allotment, in the event of termination of assignment during the Qualifying Period under specific circumstances. The board shall also be entitled to adjust in order to fulfil specific rules or market conditions.

¹ As of 17 March 2023, at which point the Company's share price was SEK 6.5.

In certain cases, the board shall be entitled to reduce the final allotment or to terminate LTI 2023 early, in whole or in part, without payment of any compensation to the Participants in the event of significant changes in the Company or on the market.

Maximum quantity and Dilution

The maximum number of Matching Rights and Performance Rights which may be allotted under LTI 2023 is 1,504,000.

According to the specific conditions adopted by the board, the number of shares covered by LTI 2023 may be subject to recalculation due to bonus issue, reverse share split or share split, rights issue, or similar measures carried out by the Company, taking into consideration customary practice for corresponding incentive programs. Recalculation may also be made so that extraordinary payments of dividends are taken into consideration.

The maximum number of Matching Rights and Performance Rights corresponds to approximately 1.89 percent of the currently outstanding shares in the Company.

A total number of 1,976,556 warrants will be issued to enable allotment under the Matching and Performance Rights (1,504,000 warrants) and to hedge costs of LTI 2023 (472,556 warrants), which corresponds to approximately 2.8 percent of the currently outstanding shares in the Company.

Delivery and cost-hedging measures

In order to secure the Company's obligations pursuant to the Matching Rights and Performance Rights, the board proposes that the Company shall issue and resolve to transfer warrants to the Participants (according to item 8 b)). If necessary to secure certain costs, the board proposes that it shall be authorized to enter into a swap-agreement with a third part (inter alia a shareholder or a financial institute, according to item 8 b)).

Costs for LTI 2023

As a result of the proposed delivery and cost-hedging measures (item 8 b), the Company's liquidity is only expected to be impacted by administrative costs in relation to LTI 2023.

The costs of the program are booked as personnel costs in the income statement during the Qualifying Period in accordance with IFRS 2 – Share-based payment. Social security contributions will be booked on the income statement according to UFR 7 during the Qualifying period. The amount of these costs will be calculated based on the share price performance and the outcome of the qualifying terms and conditions during the Qualifying Period. Assuming (a) full participation in LTI 2023, (b) the complete fulfillment of the Performance Targets, (c) that none of the participants in LTI 2023 leave his or her employment in the Company during the Qualifying Period, and (d) an annual yearly increase in the Company's share price of 15 percent (starting with a share price of SEK 6.5), the average yearly cost of LTI 2023 according to IFRS amount to approximately MSEK 6.5 before tax. The average yearly cost of social security contributions under the same assumptions is estimated to approximately MSEK 1.6 (calculated based on social security contributions being 31.42 percent). The intention is that the costs of social security contributions shall be covered by the delivery and cost-hedging measures.

The board estimates that the positive earnings' effects which ultimately can be achieved through LTI 2023 will outweigh any costs related to LTI 2023.

Preparation of the matter

LTI 2023 was initiated by the board of the Company and has been prepared in consultation with Advokatfirman Lindahl KB.

Other long-term incentive programs

The Company has, at the time of the extraordinary general meeting, no other long-term incentive programs.

Majority requirement

The board's proposal for item 8 a) and b) are conditional upon each other. Hence, the board proposes that the general meeting resolves on item 8 a) and b) jointly and that a resolution only shall be valid if it is supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the general meeting.

Stockholm in March 2023
Midsummer AB (publ)
The board of directors