

## **The Nomination Committee's proposal for the annual shareholders' meeting 2020 and reasoned statement**

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### **1. Background**

- 1.1 In accordance with the adopted guidelines on the annual shareholders' meeting in AAC Clyde Space AB (publ) (below "AAC" or the "Company") on 23 May 2019, a Nomination Committee has been appointed.
- 1.2 The Nomination Committee has consisted of Rolf Hallencreutz (the chairman of the board of directors of the company), Tommy Nilsson (appointed by Fouriertransform AB), Philip Woloszynski Tadayoni (appointed by MediumInvest A/S), John Wardlaw (appointed by Coralinn LLP) och Jan Petersen (appointed by himself).
- 1.3 Tommy Nilsson has been the Chairman of the Nomination Committee.
- 1.4 The Nomination Committee shall represent the Company's shareholders in all questions which fall within the Nomination Committee's field of responsibility.
- 1.5 The nomination committee has found no reason to present any proposal for the amendment of the principles for the appointment of and instructions concerning a nomination committee, adopted at the annual general meeting held 23 May 2019. The principles are available at the company's website.
- 1.6 The Nomination Committee shall prepare and submit proposals to the annual shareholders' meeting regarding:
  - (a) the Chairman at the annual shareholders' meeting;
  - (b) the number of board members elected by the shareholders' meeting;
  - (c) the Chairman and other members of the board elected by the shareholders' meeting;
  - (d) fees and other remuneration for each of the members of the board elected by the shareholders' meeting and for members of board committees (where applicable);
  - (e) the number of auditors;
  - (f) the auditors;
  - (g) the fee for auditors;
  - (h) Resolution on directed issue of warrants (long term incentive program ("LTIP C")) to the Company for transfer to members of the board of directors within the incentive program

### **2. The Nomination Committee's work**

- 2.1 The Nomination Committee has held 3 recorded meetings.

- 2.2 The Company's shareholders have been informed on the Company website, that it has been possible to submit proposals to the Nomination Committee. No such proposals have been submitted.
- 2.3 Initially, the Nomination Committee has oriented itself with regard to how the work in the board has been conducted and how it works as well as with regard to the Company's strategy and future challenges, the Nomination Committee has furthermore evaluated which competence and experience the members of the board should possess, which has served as guidance for the Nomination Committee's work.
- 2.4 The Chairman of the board has ensured that the Nomination Committee has received all relevant information on how the work has been conducted in the board during the year.

### **3. The Nomination Committee's proposals**

- 3.1 In summary, the Nomination Committee submits the following proposals:

*Item 1 – Election of Chairman of the meeting*

The Nomination Committee proposes to the annual shareholders' meeting that attorney Marcus Nivinger is elected as Chairman of the annual shareholders' meeting 2020.

*Item 10 – Determination of the number of members of the board of directors as well as of the number of auditors and any deputies*

The Nomination Committee proposes to the annual shareholders' meeting that five (5) ordinary board members, without deputies, are elected until the end of the next annual shareholders' meeting, and that one registered public audit firm, is elected as the audit firm until the end of the next annual shareholders' meeting.

*Item 11 – Determination of remuneration for the board members and the auditor*

The Nomination Committee proposes to the annual shareholders' meeting that remuneration to the board members elected by the shareholders' meeting shall be paid in accordance with the following:

- SEK 300,000 to the Chairman of the Board (unchanged since previous year); and
- SEK 150,000 to each of the other board members (unchanged since previous year).

The Nomination Committee proposes that remuneration to the auditor shall be paid in accordance with customary norms and approved invoice.

*Item 12 – Election of members of the board of directors and auditors;*

The Nomination Committee proposes that Rolf Hallencreutz, Per Aniansson, Per Danielsson, Will Whitehorn and Anita Bernie are re-elected as ordinary board members for the period until the end of the next annual shareholders' meeting. The Nomination Committee proposes re-election of Rolf Hallencreutz as Chairman of the board.

The Nomination Committee proposes that Öhrlings PricewaterhouseCoopers AB is re-elected as auditor for the period until the end of the next annual shareholders' meeting, in accordance with the board of directors recommendation.

*Item 15 – Resolution on directed issue of warrants (long term incentive program (“LTIP C”)) to the Company for transfer to members of the board of directors within the incentive program*

The nomination committee proposes that the annual general meeting resolves to implement a long term incentive program (“LTIP C”) by an issue of warrants including approval of transfer of warrants as set out below.

The nomination committee’s proposal on implementation of a long term incentive program for members of the board of directors in the company including (i) directed issue of warrants, and (ii) approval of transfer of warrants

The nomination committee in AAC Clyde Space AB (publ), reg. no. 556677-0599 (the “Company”, and together with subsidiaries the “Group”), proposes that the annual general meeting resolves to implement a long term incentive program (“LTIP”) by an issue of warrants including approval of transfer of warrants on the terms and conditions set out below (“Long Term Incentive Program 2020/2023:C”). The warrants shall entail the right to sub-scribe for new shares in the Company. The warrants also apply to the terms and conditions, including the subscription price and the period within which the warrants may be exercised, as set out in the nomination committee’s complete proposal.

#### Background

This proposal on implementation of a LTIP and the issue of warrants has been presented as the nomination committee, consisting of Tommy Nilsson, Philip Woloszynski Tadayoni, John Wardlaw and Jan Petersen (Rolf Hallencreutz, convenor in the nomination committee and the chairman of the board of directors did not participate in the decision to present this proposed LTIP) considers it important and in the interests of all shareholders to facilitate participation for members of the board of directors regarding the Company's and the Group's development and ensure that these individuals share the goal of generating value-adding growth. It is also important to justify continued employment and assignments. The nomination committee therefore proposes that the annual general meeting decide on the issue of warrants as follows below.

#### Terms for the issue

1. The Company shall issue not more than 192,000 warrants. Each warrant entitle the holder to subscribe for one (1) share in the Company, each with a quotient value of SEK 0.04, and upon full exercise of the warrants the Company's share capital may thus increase by SEK 7,680 (provided that no re-calculation has been made at the time of exercise of the warrants which may affect the increase in share capital as a result of the proposed terms for the warrants).
2. The warrants may, with deviation from the shareholders' preferential rights, only be subscribed for by the Company, after which the Company shall transfer the warrants to members of the board of directors in the Company (the "Participants").

3. The Company's subscription of the warrants shall be made on a special subscription list within thirty (30) calendar days from the date of the general meeting that resolves on the issue.
4. The warrants are issued without consideration (i.e. free of charge) to the Company. The warrants are transferred to the Participants without consideration.
5. The warrants may be exercised for subscription of new shares during the period from and including 1 July 2023 until and including 31 December 2023. The maturity is thus about three (3) years from the date of issue. The warrants may not be exercised for subscription of new shares during the so called "closed periods" according to the EUs Market Abuse Regulation, or otherwise in violation with applicable rules regarding insider information (including the Company's own guidelines in this regard). Any warrants that have not been exercised for subscription of shares as of 31 December 2023 will expire.
6. Each warrant shall entitle the warrant holder to subscribe for one new share in the Company at a subscription price per share amounting to the volume-weighted average price for the Company's shares on First North Growth Market during the five trading days that occur most recently before the general meeting on June 2, 2020, the subscription price must not be less than the share's quota value.
7. The new shares entitle the holder to a dividend as from the record date closest after the new shares have been registered in a securities account.
8. The warrants shall be transferred to the Participants in accordance with the guidelines stated below.
9. For the warrants certain conditions shall apply, amongst other things customary re-calculation terms, as set out in the nomination committee's complete proposal.

Guidelines for the Company's transfer of warrants

The warrants shall be offered for the acquisition to the persons included in the table below with the stated maximum allocation:

Category	Maximum number of warrants per participant	Maximum number of warrants in each category
Chairman of the board of directors	64,000 (1 person)	64,000
Member of the board of directors	32,000 (4 persons*)	128,000

\* Refers to current members of the board (excluding the Chairman) provided re-election at the 2020 annual general meeting.

Only those persons who are included in the said categories shall be offered the right to acquire warrants. The nomination committee shall decide which persons that shall be

deemed to be included in each category and which persons that shall receive warrants. In the event of re-calculation, the Participants in each category shall have the right to acquire the same number of warrants.

Allocation of warrants to Participants outside Sweden shall - where applicable - be dependent on fiscal effects, that there are no legal obstacles and that the board considers that such allocation can be made with reasonable administrative and financial resources.

The transfer of the warrants to the Participants shall take place as soon as possible, but no later than 30 June 2020.

#### Reasons for the deviation from the shareholders' preferential rights

The reason for the deviation from the shareholders' preferential rights is to create involvement for the Participants in terms of the Company's and the Group's development and to ensure that these individuals share the goal of generating value-adding growth, and to motivate continued employment and assignments.

The warrants are proposed to be issued to the Company for transfer to Participants in the LTIP.

#### Dilution, costs etc.

The company has a total share capital of SEK 3,848,310.36 divided into a total of 96,207,759 shares. Each share entitles to one vote in the Company. There are no outstanding share related incentive programs or instruments in the Company.

When fully exercised the warrants under this proposal will lead to 192,000 new shares being issued in the Company (with reservation for potential re-calculations in accordance with customary terms for the warrants), resulting in a dilution of approximately 0.2 per cent as far as the Company's share capital and voting rights/number of shares are concerned. The dilution effect has been calculated as the number of additional shares respectively votes at full exercise in relation to the sum of the current number of shares respectively votes, and the number of additional shares respectively votes at full exercise.

Upon full exercise of the warrants under this proposed LTIP for members of the board of directors and full exercise of the warrants under the board of directors' proposed incentive programs for employees in the United Kingdom and Sweden (all three incentive programs to be treated at the annual general meeting held on June 2, 2020) a total of 4,032,000 new shares will be issued in the Company, resulting in a dilution of approximately 4 per cent (of which approximately 0.2 per cent refers to the incentive program for members of the board, approximately 0.9 per cent refers to the incentive program for employees in Sweden and approximately 2.9 per cent refers to the incentive program for employees in the United Kingdom) as far as the Company's share capital is concerned, as well as the total share/voting rights. The dilution effect has been calculated as the number of additional shares respectively votes at full exercise in all three incentive programs in relation to the sum of the current number of shares respectively votes, and

the number of additional shares respectively votes at full exercise in all three incentive programs.

Due to the fact that the warrants will be transferred without consideration special social security fees are expected to arise for the Group. These fees will amount to approximately 30 per cent of the warrants market value at the time of the transfer of the warrants. It should also be noted that applicable tax procedures in different jurisdictions could be altered. Other external costs that arise as a result of the LTIP are mainly costs for advice and for registration and practical management of the program. Ongoing costs for administration and other costs are marginal.

The LTIP is expected to have a limited effect on the Company's key performance indicators.

#### Restrictions regarding disposal and exercise of the warrants

The Participants will not be able to exercise the warrants unless they have previously been offered to the Company and subsequently transferred to the Participants. Furthermore, the Participants will only be able to subscribe for shares with the support of the warrants after special agreed vesting periods. Such restrictions will be agreed upon, in separate war-rant agreements, with the respective Participant in connection with their acquisition of war-rants from the Company. According to the warrant agreements the total amount of war-rants that are allotted to each Participant shall be vested in three equal parts as of the date of each annual general meeting in the Company from 2020 to 2023 (i.e. approximately 33 per cent of the total number of warrants will be vested each year) and conditional on continued employment/assignments in the Group. For example a person that was a member of the board of directors at the previous annual general meeting that is still a member of the board of directors at the date of the annual general meeting of 2021 (not necessarily re-elected at the annual general meeting of 2021) will be allowed to keep his/hers warrants that has been vested during 2020 (i.e. approximately 33 per cent of his/hers maximum allotment) and correspondently a person that is still a member of the board of directors at the date of the annual general meeting of 2022 will be allowed to keep his/hers vested war-rants for 2020 and 2021 (i.e. approximately 66 per cent of his/hers maximum allotment), with reservation for the terms regarding pre-mature termination of service (so called good and bad leaver terms) and other customary terms for warrant agreements.

#### Preparation of the proposal

The proposed LTIP has been prepared by the nomination committee in consultation with external advisors and after consultations with certain major shareholders. The final proposal has been submitted by the nomination committee (excluding Rolf Hallencreutz).

#### Miscellaneous

It is proposed that the annual general meeting resolve to adopt the LTIP described above and decide on the issue of warrants on the above terms including approval of the Company's transfer of warrants to the Participants.

The CEO, or a person appointed by the CEO, shall have the right to make the minor adjustments required to register the resolution, and the CEO shall have the right to make the minor adjustments required in the LTIP in order to be conformal with applicable foreign laws and regulations.

**4. The Nomination Committee's reasoned statement regarding the proposal for board of directors**

4.1 The proposed board is, with regard to the Company's activity, stage of development and other conditions in general, considered as an adequate board composition in relation to the qualifications, experience and background of the proposed board members. In addition, the Nomination Committee has taken into account the guidelines stated in paragraph 4.1 of The Swedish Corporate Governance Code regarding the requirement for versatility and breadth in the board of directors and the requirement to strive for an even gender distribution, however, it is a long-term work.

The proposed board meets the independence requirements of the Swedish Code of Corporate Governance. All proposed board members are considered to be independent both towards the company and its management as to major shareholders. The Nomination Committee therefore considers the proposed board composition to be adequate in order to meet the needs which the Company is facing and will be facing in relation to the Company's activity.

4.2 Information on the board members who are proposed for re-election can be found at the Company's website, [www.aac-clyde.space](http://www.aac-clyde.space).

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The Nomination Committee