

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 2022/2025:C**"). The warrants shall entail the right to subscribe 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 [Appendix A](#).

Background

This proposal on implementation of a LTIP and the issue of warrants has been presented as the nomination committee, consisting of Dino Lorenzini, John Wardlaw and Mathias Ditrach (Rolf Hallencreutz, convenor in the nomination committee and the chairman of the board of directors did not participate in the decision to present this 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 390,000 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 15,600 (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 2025 until and including 31 December 2025. 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 2025 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 annual general meeting on May 19, 2022. The subscription price must not be less than the share's quota value, and not less than the fair market value of the stock. Any amount that exceeds the quotient value shall be transferred to the nonrestricted share premium account.
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
Chairman of the board of directors	90,000 (1 person)
Member of the board of directors	60,000 (5 persons*)

* Refers to current members of the board (excluding the Chairman) provided re-election at the 2022 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 participants in the Long term incentive plan 2022/2025:C shall receive from the Company a compensation corresponding to the benefit value arising from the grant of the option, if any.

Participants may exercise their warrants through a so called "cashless-exercise", whereby a lower number of shares can be subscribed for at a strike price corresponding to the share's quota value.

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 7,730,037.72 divided into a total of 193,250,943 shares. Each share entitles to one vote in the Company.

There are 4,320,000 warrants are outstanding under three (3) Long Term Incentive Programs for employees and senior management of the Group, of which the first program comprises of 928,000 warrants ("2020/2023:A"), the second program comprises of 2,912,000 warrants ("2020/2023:B"), and the third program comprises of 192,000 warrants ("2020/2023:C"). Each warrant under the respective program entitles to subscribe for one new share in the Company. The exercise price of the warrants corresponds to 100 per cent of the volume weighted average last closing price for the Company's share on Nasdaq First North Growth Market during the period of the five trading days immediately preceding the date of the annual general meeting on 2 June 2020. The warrants for all the programs may be exercised from and including 1 July 2023 until and including 31 December 2023.

When fully exercised the warrants under this proposal will lead to 390,000 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 Sweden and employees outside of Sweden (all three incentive programs to be treated at the annual general meeting held on May 19, 2022) a total of 6,210,000 new shares will be issued in the Company, resulting in a dilution of approximately 3.11 per cent (of which approximately 0.2 per cent refers to the incentive program for members of the board, approximately 0.8 per cent refers to the incentive program for employees in Sweden and approximately 2.11 per cent refers to the incentive program for employees outside of Sweden) 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.

The warrants has been valued by an independent expert on behalf of the Company through the Black & Scholes formula. Since the strike price for shares due to utilization of

the warrants cannot be determined until 18 May 2022 a fictitious strike price of SEK 2.2 has been used in the calculations. Each warrant has been valued at SEK 0.68 each.

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 preliminary amount to approximately 31.42 per cent of the warrants market value at the time of the transfer of the warrants. Meaning that, based on a preliminary valuation of each warrant amounting to SEK 0.68, total social security costs for the Company within the framework of the incentive program amounts to SEK 44,867.76, provided that all warrants are transferred to the Participants. The calculations of social security fees within this LTIP have been based on that social security fees will only be paid for three of the board members (including the chairman) which includes 210,000 warrants. It should also be noted that applicable tax procedures in different jurisdictions could be altered. Participants in the Long term incentive plan 2022/2025:C shall also receive from the Company a cash payment equal to the benefit value arising from the grant of the option, if any.

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, is separate warrant agreements, with the respective Participant in connection with their acquisition of warrants from the Company. According to the warrant agreements the total amount of warrants 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 2022 to 2025 (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 2023 (not necessarily re-elected at the annual general meeting of 2023) will be allowed to keep his/hers warrants that has been vested during 2022 (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 2024 will be allowed to keep his/hers vested warrants for 2022 and 2023 (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.

Majority requirements

This proposal to adopt the incentive programme and to issue warrants, as well as the approval of the transfers of warrants from the Subsidiary to the Participants, is governed by the provisions in Chapter 16 of the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)), and a valid resolution therefore requires that the proposal is supported by shareholders representing at least nine-tenths (9/10) of the votes cast as well as of all shares represented at the meeting.