

The board of directors' proposal on implementation of a long term incentive program 2024/2027:A for employees in Sweden in the group including (i) directed issue of warrants, and (ii) approval of transfer of warrants

The board of directors 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 2024/2027:A**"). 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 board of directors considers it important and in the interests of all shareholders to facilitate participation for employees, including consultants, 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 board 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 without consideration (i.e., free of charge) not more than 33,774 warrants. Each warrant entitle the holder to subscribe for one (1) share in the Company, each with a quotient value of SEK 2.00, and upon full exercise of the warrants the Company's share capital may thus increase by SEK 67,548 (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 employees employed in Sweden (including consultants) in the Group (the "**Participants**").
3. The Company's subscription of the warrants shall be made on a special subscription list within five (5) calendar days from the date of the general meeting that resolves on the issue. The Board shall have the right to extend the subscription period.
4. The warrants are issued without consideration 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 2027 until and including 31 December 2027. The vesting period is thus not shorter than three (3) years. 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 2027 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 23 May 2024. The subscription price must not be less than the share's quota value, and not less than the fair market value of the stock at the time warrants are first transferred to any of the Participants. 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 instructions issued by the board of directors 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 board'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
Executive Management	1,299
Site Directors	866
Senior Staff	866
General Staff	433

Only those persons who are included in the said categories shall be offered the right to acquire warrants. The board of directors 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. Members of the board of directors in the Company are not allowed to participate.

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 Program 2024/2027:A shall receive from the Company a compensation corresponding to the benefit value arising from the grant of the option, if any.

The Company may allow the Participant in the LTIP to exercise their warrants through a cashless exercise that the Company deems fitting, including but not limited to loan-financed exercise of the warrants or subscription of a lower number of shares without cash consideration.

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 11,407,670 divided into 5,703,835 shares. Each share entitles to one vote in the Company.

There are 10,306,050 warrants are outstanding under six (6) Long Term Incentive Programs for employees, senior management and the board of directors of the Group, of which the first program comprises of 1,620,000 warrants ("2022/2025:A"), the second program comprises of 4,200,000 warrants ("2022/2025:B"), the third program comprises of 390,000 warrants ("2022/2025:C"), the fourth

comprises of 1,205,575 warrants ("2023/2026:A"), the fifth comprises of 2,614,500 warrants ("2023/2026:B"), and the sixth 275,975 warrants ("2023/2026:C"). As a result of the share consolidation (1:50) which was resolved upon at the extraordinary general meeting on 1 November 2023, fifty (50) warrants under each existing program entitle to subscribe for one new share in the Company. The exercise price of the warrants in the incentive programs 2022/2025:A, 2022/2025:B and 2022/2025:C corresponds to 100 per cent of the volume weighted average last closing price for the Company's shares on Nasdaq First North Growth Market during the period of the last five trading days immediately preceding the date of the annual general meeting on 19 May 2022, and the exercise price of the warrants in the incentive programs 2023/2026:A, 2023/2026:B and 2023/2026:C corresponds to 100 per cent of the volume weighted average last closing price for the Company's shares on Nasdaq First North Growth Market during the period of the last five trading days immediately preceding 12 June 2023. The warrants in the incentive programs 2022/2025:A, 2022/2025:B and 2022/2025:C may be exercised from and including 1 July 2025 until and including 31 December 2025. The warrants in the incentive programs 2022/2025:A, 2022/2025:B and 2022/2025:C not exercised at latest on 31 December 2025 will lapse. The warrants in the incentive programs 2023/2026:A, 2023/2026:B and 2023/2026:C may be exercised from and including 1 July 2026 until and including 31 December 2026. The warrants in the incentive programs 2023/2026:A, 2023/2026:B and 2023/2026:C not exercised at latest on 31 December 2026 will lapse.

When fully exercised the warrants under this proposal will lead to 33,774 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 0.6 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 employees in Sweden and full exercise of the warrants under the board of directors' and the nomination committee's proposed incentive programs for employees outside of Sweden and members of the board (all three incentive programs to be treated at the annual general meeting held on 23 May 2024) a total of 113,879 new shares will be issued in the Company, resulting in a dilution of approximately 2.0 per cent (of which approximately 0.1 per cent refers to the incentive program for members of the board, approximately 0.6 per cent refers to the incentive program for employees in Sweden and approximately 1.3 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 have 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 22 May 2024 a fictitious strike price of SEK 48.25 has been used in the calculations. Each warrant has been valued at SEK 17.44 each. In applying the Black & Scholes model, a risk-free interest rate of 2.64 percent and a volatility of 45 percent have been used.

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 preliminarily 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 17.44 total social security costs for the Company within the framework of the incentive program amounts to approximately SEK 185,070, provided that all warrants are transferred to the Participants. It should also be noted that applicable tax procedures in different jurisdictions could be altered. Participants in the Long Term Incentive Program 2024/2027:A 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, in 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 1 July from 2025 to 2027 (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, with reservation for the terms in the separate warrant agreement that shall be entered into between each Participant and the Company. For example a person that was employed or hired as consultant as of the previous 1 July that is still employed or hired as consultant as of 1 July 2025 shall be allowed to keep his/hers warrants that has been vested during 2024/2025 (i.e. approximately 33 per cent of his/hers maximum allotment) and correspondently a person that is still employed or hired as consultant as of 1 July 2026 will be allowed to keep his/hers vested warrants for 2024/2025 and 2025/2026 (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 board of directors in consultation with external advisors and after consultations with certain major shareholders. The final proposal has been submitted by the board of directors.

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 Board of Directors, or a person appointed by the board of directors, shall have the right to make the minor adjustments required to register the resolution, and the board of directors 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 Company 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.