

## **The Board of Directors' of Smart Eye Aktiebolag (publ) proposal for adoption of a long-term incentive programme in the form of performance-based share options for employees within the Smart Eye group and resolution on a directed issue of warrants (item 12)**

---

*The Board of Directors' of Smart Eye Aktiebolag (publ) (the “Company” or “Smart Eye”) proposal that the Annual General Meeting resolve on (12A.) the adoption of a long-term incentive programme in the form of performance-based share options directed at employees within the Smart Eye group (the “Share Option Programme 2023”), and (12B.) directed issue of warrants (Series 2023/2026) to the wholly-owned subsidiary JN Data i Göteborg AB. The resolutions under 12A–12B below are conditional on each other and all decisions are therefore proposed to be adopted in one context.*

### **12A. Introduction of the Share Option Programme 2023**

#### *Background and rationale*

The Company's Board of Directors believes that incentive programmes contribute to higher motivation and commitment among the employees and strengthen the bonds between the employees and the Company. The Smart Eye group has a global presence and an increased exposure to international labour markets, especially the US, which makes it essential for the Company to be able to offer remuneration to current and future employees in line with the market. For the purpose of enabling the Company to attract necessary competence and to engage the current employees in the Company's present and future development the Board of Directors further considers competitive compensations to be necessary. In view of these considerations, it is the Board of Directors' opinion that the Share Option Programme 2023, combined with other remuneration, will benefit both the employees and the Company's shareholders through long-term increased share value.

#### *Summary of the programme*

The Board of Directors' ambition is that the Annual General Meeting annually adopts an incentive programme for the Company's employees. Share Options Programme 2023 follows up the incentive programme adopted by the extraordinary general meeting on 29 June 2022 (Share Options Programme 2022). The Share Option Programme 2023 is proposed to comprise of the CEO, senior executives, key individuals and other employees, meaning that not more than approximately 200 employees within the Smart Eye group will be able to participate (the “**Participants**”). Under the Share Option Programme 2023, participants are given the opportunity to receive shares free of charge, so called “**Performance Shares**”, in accordance with the terms and conditions described below.

Within the scope of the Share Option Programme 2023 the Company will grant Participants rights to Performance Shares, entailing the right to, provided that certain criteria are fulfilled, receive Performance Shares free of charge (“**Rights**”). One (1) Right entitles the Participant to receive one (1) Performance Share provided that the conditions are fully met.

#### *Terms and conditions*

1. The maximum number of Performance Shares will amount to 580,000, whereby 486,300 shares shall be allotted to Participants and 93,700 shares shall be used by the Company to cover social security contributions associated with the programme.
2. Vesting of Rights occurs during the period from 15 May 2023 up to and including 15 May 2026 (“**Vesting Period**”).
3. Vesting of Rights will be made proportionately with one third (1/3) per year and requires that the Participants' employment remains as of 15 May 2024, 15 May 2025 and 15 May 2026, respectively.

4. To be granted the maximum amount of Rights, the Participant must have been employed throughout the whole Vesting Period.
5. The Rights may not be transferred or pledged.
6. Every Right could entitle the Participant to receive one Performance Share free of charge at the end of the Vesting Period (with some exceptions whereas the Vesting Period can be brought forward). If the Participants' employment is terminated before a Vesting Period the Participant shall retain already vested Rights, however, the Rights shall not entitle to Performance Shares prior to the end of the Vesting Period.
7. Allotment of Performance Shares is, except for the above stated, conditional on the achievement of the performance target established by the Board of Directors. The performance target entails that the price of the Smart Eye share at the end of the Vesting Period shall amount to at least 130 per cent of the average volume-weighted price for the Smart Eye share on Nasdaq First North Growth Market during five (5) subsequent banking days in relation to the date of the resolution of the Annual General Meeting ("**Performance Criteria**"). In the event that the Performance Criteria is not achieved or exceeded, no allotment of Performance Shares will occur.
8. The Board of Directors, or a special committee set up by the Board of Directors, shall be responsible for preparing the detailed design and administration of the terms and conditions of the Share Option Programme 2023, in accordance with the presented terms and guidelines including provisions on recalculation in the event of an in-between bonus issue, share split, rights issue and/or similar measures. In connection therewith, the Board of Directors shall be entitled to make adjustments to meet specific foreign regulations or market conditions. The Board of Directors shall also be entitled to make other adjustments if significant changes occur in the Smart Eye group or in its environment that would result in that the adopted terms for the Share Option Programme 2023 no longer fulfils their objectives.
9. The Company shall, within three (3) months from the end of the Vesting Period, ensure that Performance Shares corresponding to the number of vested Rights are delivered to Participants. The Board of Directors shall, in connection therewith, be entitled to postpone the date of delivery of Performance Shares if the Participant is not allowed to acquire shares during the period.

#### *Allocation of Rights*

The Share Option Programme 2023 shall comprise of not more than approximately 200 employees within the Smart Eye group. The maximum number of Rights that can be allotted free of charge per Participant and category follows from the table below.

<i>Category</i>	<i>Maximum number of Rights per person</i>	<i>Maximum number of Rights per category</i>
CEO – category 1	18,500	18,500
Senior executives– category 2	12,200	129,000
Key individuals – category 3	6,000	120,000
Others – category 4	1,500	218,800

Remaining Rights in a category can be offered a Participant in an alternative category.

### *Costs for the programme*

The Share Option Programme 2023 will be accounted for in accordance with K3 which means that the Rights shall be expensed as a non-cash personnel cost during the Vesting Period. The costs for the Share Option Programme 2023 are presumed to amount to approximately MSEK 11.8, excluding social security contributions, calculated in accordance with K3 on the basis of the following assumptions: (i) that 486,300 Rights are delivered to Participants, (ii) that the shares average volume-weighted closing price at the beginning of the Share Option Programme 2023 amounts to SEK 45.88 per share, (iii) that the Performance Criteria is fully achieved, (iv) term of three years, (v) a volatility of 50 percent; (vi) a risk-free rate of 2.5 percent, and (vii) an estimated annual employee turnover of 5 percent. Based on the same assumptions as above, and subject to social security contributions of approximately 19.3 per cent and a share price increase of 50 per cent from the beginning of the Share Option Programme 2023 until Participants are allotted Performance Shares, the costs for social security contributions are estimated to amount to approximately MSEK 5.8. In accordance with K3 the total costs for the Share Option Programme 2023, excluding social security contributions which will be covered through hedging measures in the form of warrants, are estimated to amount to approximately MSEK 3.93 per year during the Vesting Period (MSEK 7.3 year 1, MSEK 3.2 year 2, and MSEK 1.2 year 3), based on the same assumption as above mentioned. Since the costs of social security contributions will be secured through hedging measures in the form of issuance of warrants it is assessed that the Share Option Programme 2023 will have no impact on the Company's cash flow.

### *Effects on key ratios and dilution*

Upon maximum allotment of Performance Shares and provided that hedging measures under item 12(b) below are adopted, meaning that not more than 486,300 shares will be delivered to Participants in accordance with the Share Option Programme 2023, and that 93,700 shares will be used to cover any social security contributions resulting from the Share Option Programme 2023, the additional dilution effect will amount to approximately 1.63 per cent of the total number of shares in the Company per the day of the convening notice. If all outstanding incentive programmes are included in the calculation the total dilution effect amounts to approximately 4.83 per cent of the total number of shares in the Company per the day of the convening notice.

Given the above assumptions regarding scope and costs, and under the assumption that the Share Option Programme 2023 had been introduced during 2022 instead, it is estimated that the key ratio operating profit for the full year 2022 would decrease from MSEK -343 to approximately MSEK -350.

### *Preparation of the proposal*

The Share Option Programme 2023 has been prepared by the Board of Directors in consultation with external advisers.

### *Additional ongoing share-based incentive programmes*

Information regarding the Company's current incentive programmes is available in the Company's Annual Report for year 2022 and the main terms and conditions of the programmes are available on the Company's website, [www.smarteye.se](http://www.smarteye.se). Apart from the programmes now mentioned, there are no other share-based incentive programmes in Smart Eye.

## **12B. Directed issue and transfer of warrants, Series 2023/2026 in accordance with the Share Option Programme 2023**

### *Delivery of Performance Shares and hedging measures*

To be able to implement the Share Option Programme 2023 in a cost-effective and flexible manner, the Board of Directors proposes on a directed issue of warrants in accordance with the below and the terms and conditions for the Share Option Programme 2023.

### *Directed issue of warrants*

The Board of Directors proposes that the Annual General Meeting resolves to issue not more than 580,000 warrants, as a result of which the Company's share capital may increase by a maximum of SEK 58,000. The following conditions shall apply.

1. Each warrant entitles the holder to subscribe for one new share in the Company.
2. The right to subscribe for warrants shall, with deviation from the shareholders' pre-emption right, vest with the wholly-owned subsidiary JN Data i Göteborg AB with the right and obligation to dispose of the warrants in accordance with the Company's obligations under the Share Option Programme 2023.
3. The warrants shall be issued free of charge.
4. The subscription for warrants shall be made no later than 15 May 2023 on a special subscription list. The Board of Directors shall have the right to extend the time for subscription.
5. The subscription of shares through warrants shall be made during a period from 15 May 2026 to and including 15 August 2026. The Board of Directors shall have the right to extend the time for subscription.
6. The subscription price for each share at the time of exercise of the warrants shall correspond to the quota value of the share at the time of subscription of the shares. The subscription price shall be paid in cash.
7. New shares pursuant to subscription entitle to dividends for the first time on the record date for dividends that occurs immediately after subscription has been effectuated.
8. The warrants shall in all other respects be governed by the terms and conditions set forth in Appendix A.

The exercise price upon exercise of warrants and the number of shares to which each warrant provides an entitlement to subscribe may be adjusted in accordance with section 8 of the terms and conditions for warrants.

Oversubscription cannot take place.

The rationale for the deviation from the shareholders' pre-emption rights is to implement the Share Option Programme 2023 for employees within the Smart Eye group.

### **Majority requirements and special authorisations**

The Board of Directors' proposal for resolutions in accordance with 12A–12B above constitute a package, as the various proposals are dependent on and strongly linked to each other. Therefore, it is

proposed that the Annual General Meeting make a single resolution in connection with the abovementioned proposals, in compliance with the majority requirement specified in Chapter 16, Section 8 of the Swedish Companies Act, meaning that the resolution shall be supported by shareholders representing at least nine tenths (9/10) of both the votes cast and the shares represented at the meeting.

The Board of Directors proposes that the Annual General Meeting instruct the Board of Directors to implement the decisions above and to ensure that the Share Option Programme 2023 is introduced in accordance with the above mentioned.

The Board of Directors further proposes that the Annual General Meeting instruct the Board of Directors, or whomever the Board of Directors appoints, to make such minor adjustments in the abovementioned proposed resolutions that may prove necessary in connection with registration with the Swedish Companies Registration Office and the Board of Directors shall be entitled to make such minor adjustments to the Share Option Programme 2023 as prompted by applicable foreign laws and regulations.

---

Gothenburg in March 2023  
**Smart Eye Aktiebolag (publ)**  
*The Board of Directors*

**Terms and conditions for warrants series 2023/2026 regarding subscription of new shares in Smart Eye Aktiebolag (publ)**

---

*[Term and conditions for warrants are attached separately]*