

## Notice of Annual General Meeting in Sectra AB (publ)

The shareholders of the medical imaging IT and cyber security company Sectra AB (publ) are hereby invited to the Annual General Meeting held on Tuesday, September 14, 2021.

### Extraordinary measures due to the covid-19 pandemic

Sectra is keen to safeguard the wellbeing of the shareholders and seeks to contribute to the efforts to reduce the spread of the corona virus. The Board of Directors of Sectra has therefore decided that the Annual General Meeting ("AGM") shall be conducted without the physical presence of shareholders, proxy holders and guests and that the shareholders shall be able to exercise their voting right only by postal voting prior to the AGM. Information of the resolutions passed by the AGM will be made public on September 14, 2021, as soon as the results of the postal voting has been completed.

### Registration and notification

A shareholder wishing to attend the AGM by way of postal voting shall

be entered as a shareholder in the register of shareholders held by Euroclear Sweden AB as of Monday, September 6, 2021, and

no later than Monday, September 13, 2021 provide notification by way of submitting its postal vote in accordance with the instructions under the heading Postal voting below so that the vote is submitted to Euroclear Sweden AB no later than on that date. Please note that a notification for the AGM can only be made by way of submitting a postal vote.

A shareholder who wishes to participate in the AGM and who holds its shares through a nominee (Sw. *förvaltare*) must, in addition to providing notification by way of submitting its postal vote, arrange for the shares to be registered in its name so that the shareholder is registered in the register of shareholders as of the record date September 6, 2021. Such a registration can be temporary (so-called voting registration) and shall be requested with the nominee according to the nominee's requirements at such time as is determined by the nominee. A voting registration that has been completed by the nominee no later than Wednesday, September 8, 2021 will be taken into account when preparing the register of shareholders.

### Postal voting

The Board of Directors of Sectra has decided that shareholders shall be entitled to exercise their voting right at the AGM only by way of postal voting pursuant to § 22 of the act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

In order to submit a postal vote, the shareholders shall use a particular form. A link to the form for postal voting is available on the company' website, [investor.sectra.com/agm2021](https://investor.sectra.com/agm2021) and will be sent to shareholders at their request. A completed and signed form shall be sent:

- by post to Sectra AB (publ), c/o Euroclear AB, "Annual General Meeting", Box 191, 101 23 Stockholm, Sweden or
- by way of e-mail to [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com) (refer to "Sectra AB – Postal voting" in the subject line).

The signed form must be submitted to Euroclear Sweden AB no later than Monday, September 13, 2021. Shareholders who are individuals may choose to submit his or her vote digitally by BankID verification via Euroclear Sweden AB's web site, [anmalan.vpc.se/euroclearproxy/](https://anmalan.vpc.se/euroclearproxy/).

For shareholders who are legal entities, a certificate of registration or other documentation to prove authority must be submitted together with the form.

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If the shareholder is represented by proxy, a written proxy must be submitted. Proxy forms will be available on the company's website [investor.sectra.com/agm2021](https://investor.sectra.com/agm2021), and will be sent to shareholders who request it and provides an address. Forms can also be ordered by phone, +46 (0)13-23 52 00, or by e-mail at [info.investor@sectra.com](mailto:info.investor@sectra.com).

The shareholder may not add particular instructions or conditions to the postal vote. If such instructions or conditions are added, the vote will be considered invalid. Additional information and terms for the completion of the postal vote have been included in the form.

## **Shareholders' right to information and presentation by the CEO**

The Board of directors and the CEO shall, if requested by a shareholder and the Board concludes that it can be done without any significant damage to the company, provide information that can have an impact on the assessment of an item on the agenda and information that can have an impact on the assessment of the company's or a subsidiary's financial situation and the company's relation to another group company. A request for such information shall be made in writing to the company no later than 10 days prior to the AGM, i.e. no later than on Saturday, September 4, 2021 at the address Sectra AB, Teknikringen 20, 583 30 Linköping, Sweden or via e-mail to [info.investor@sectra.com](mailto:info.investor@sectra.com). The information will be available on the company's website, [investor.sectra.com/agm2021](https://investor.sectra.com/agm2021) no later than on Thursday, September 9, 2021, when the company will also make public a presentation by the company's CEO about the company's and the group's business activities during the financial year 2020/2021. The information will also be made available at the company's office, Teknikringen 20 in Linköping on the same day. At the request of the shareholder who has requested the information and provided its address, the information will also be sent to the shareholder.

## **Personal data**

For information on how personal data is processed in relation to the AGM, reference is made to [euroclear.com/dam/ESw/Legal/Privacy-notice](https://euroclear.com/dam/ESw/Legal/Privacy-notice)

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## Proposed Agenda

1. Election of a Chairman for the AGM.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of two persons to certify the minutes.
5. Determination of whether the AGM has been duly convened.
6. Presentation of the Annual Report and the Auditor's Report and the Consolidated Annual Report and Consolidated Auditor's Report.
7. Resolution regarding the adoption of the Profit and Loss Statement and the Balance Sheet and the Consolidated Profit and Loss Statement and Consolidated Balance Sheet.
8. Resolution regarding the allocation of the company's profit according to the adopted Balance Sheet.
9. Resolution regarding the discharge from liability towards the company for the members of the Board of Directors and the Managing Director.
10. Resolution regarding the number of members of the Board of Directors, auditors and deputies.
11. Resolution regarding the fees for the Board of Directors and the auditors.
12. Election of the members of the Board of Directors.
13. Election of the Chairman of the Board.
14. Election of the auditor.
15. Resolution regarding the approval of the remuneration report.
16. Resolution regarding the division of shares and amendments of the articles of association.
17. Resolution regarding an automatic redemption procedure, including
  - (a) a resolution to implement a share split,
  - (b) a resolution to reduce the share capital through an automatic redemption of shares, and
  - (c) a resolution to increase the share capital through a bonus issue.
18. Resolution regarding long term performance based incentive programs 2021 including
  - (a) a resolution regarding terms and instructions for the incentive programs,
  - (b) a resolution to amend the articles of association,
  - (c) a resolution to authorize the Board of Directors to (i) to issue shares of series C and (ii) to buy back shares of series C, and
  - (d) a resolution to transfer shares of Series B.
19. Resolution regarding the authorization for the Board of Directors to issue shares.
20. Resolution regarding the authorization for the Board of Directors to acquire and dispose of the company's own shares.

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## **Election of Chairman of the AGM, item 1**

The Nomination Committee, consisting of Jan-Olof Brüer (Chairman of the Board of Directors and representing his own and related parties' holdings), Torbjörn Kronander (representing his own and related parties' holdings), Jan Särilvik (chairman of the Nomination Committee and representing Nordea Investment Funds) and Elisabet Jamal Bergström (representing SEB Investment Management), proposes that Per Nyberg or, in case he is unable to serve, the person suggested by the Nomination Committee, is elected Chairman of the AGM.

## **Election of two persons to certify the minutes, item 4**

The Nomination Committee proposes that Elisabet Jamal Bergström, representing SEB Investment Management, and Robert Forchheimer or, in case anyone of them is or both of them are unable to serve, the person or persons suggested by the Nomination Committee, are elected to certify the minutes.

## **Dividend, item 8**

The Board of Directors and the Managing Director propose that no ordinary dividend is distributed for the financial year 2020/2021. The Board of Directors instead proposes an automatic redemption procedure as set out in item 17 below.

## **Board of Directors etc, items 10-14**

The Nomination Committee proposes that the Board of Directors shall comprise of eight members without any deputy directors. Anders Persson, Christer Nilsson, Torbjörn Kronander, Tomas Puusepp, Birgitta Hagenfeldt, Jan-Olof Brüer, Jomas Yngvesson and Fredrik Robertsson are proposed to be re-elected as members of the Board of Directors.

It is proposed that Jan-Olof Brüer is re-elected Chairman of the Board of Directors.

The Nomination Committee's reasoned statement in respect of their proposal and other information regarding the proposed members of the Board of Directors is available at [investor.sectra.com/agm2021](https://investor.sectra.com/agm2021).

The Nomination Committee proposes that Ernst & Young AB is appointed as auditor until the close of the next AGM. Ernst & Young AB has announced that if the AGM approves of the proposal, Authorized Public Accountant Andreas Troberg will be the Auditor in Charge.

It is proposed that director fees shall amount to SEK 270,000 (previously SEK 225,000) for each of the external members of the Board and SEK 540,000 (previously SEK 450,000) for the Chairman of the Board. These fees have not been amended since the 2017 AGM. For the Audit Committee it is proposed that fees amount to SEK 50,000 for each of the external members of the Board and SEK 100,000 for the Chairman of the Audit Committee. No separate fees are paid for Remuneration Committee work. Furthermore, the Nomination Committee proposes that the auditor's fee shall be paid pursuant to approved account.

The Nomination Committee's proposal is supported by shareholders representing more than 70% of the votes in the company.

## **Approval of the remuneration report, item 15**

The Board of Directors proposes that the AGM resolve to approve the remuneration report by the Board of Directors according to Chapter 8 Section 53a of the Companies Act (2005:551).

## **Division of shares and amendments of the Articles of Association, item 16**

The Board of Directors proposes that the AGM resolves to complete a division of shares, a so-called split, whereby one existing share in Sectra is divided into five shares.

It is proposed that the Board of Directors is authorized to determine the record date for the division, provided that the record date shall be determined so that it does not occur later than October 14, 2021.

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In addition, the Board of Directors proposes that two new provisions are introduced in the Articles of Association as § 11 (Collection of proxies) and § 12 (Postal vote).

The proposal by the Board of Directors described above means that the Articles of Association shall be amended as follows (where words in italics are new or amended words):

Current wording

**§ 5 Number of shares**

The number of shares in the company shall be at least thirty-two million (32,000,000) and not more than one hundred and twenty-eight million (128,000,000).

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Proposed wording

**§ 5 Number of shares**

The number of shares in the company shall be at least *one hundred and sixty million (160,000,000)* and not more than *six hundred and forty million (640,000,000)*.

**§ 11 Collection of proxies**

*The Board of Directors may prior to a general meeting decide to collect proxies in accordance with the procedure set forth in Chapter 7 Section 4 of the Companies Act.*

**§ 12 Postal vote**

*The Board of Directors may prior to a general meeting decide that the shareholders shall be entitled to exercise their voting right by post prior to the general meeting in accordance with Chapter 7 Section 4a of the Companies Act.*

As a result of these amendments, the current §§ 11-13 shall be referred to as §§ 13-15

**Automatic redemption of shares, item 17**

The Board of Directors proposes that the AGM resolves on a procedure for the automatic redemption of shares, in accordance with items 17 a - 17 c below. All resolutions are proposed to be conditional upon each other and adopted as one single resolution. A valid resolution requires the approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the AGM.

**Resolution to implement a share split (item 17 a)**

The Board of Directors proposes that the AGM resolves to implement a share split, whereby one share in Sectra is converted into two shares. One of these shares will be a so-called redemption share. The Board of Directors proposes that the record date for the share split shall be October 19, 2021.

**Resolution to reduce the share capital through an automatic redemption of shares (item 17 b)**

The Board of Directors proposes that the share capital is reduced by SEK 19,262,747 through the redemption of 13,103,460 Class A shares and 179,524,010 Class B shares (taking into account the division of shares pursuant to item 16 above) for repayment to the shareholders.

The amount payable for each redemption share shall be SEK 0.90 (taking into account the division of shares pursuant to item 16 above). The maximum redemption amount will thus be SEK 173,364,723. The Board of Directors proposes that trading in redemption shares shall take place during the period October 20-29, 2021, and that the record date for the redemption of the redemption shares shall be November 2, 2021. Payment is expected to be made through Euroclear Sweden AB around November 5, 2021.

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## **Resolution to increase the share capital through a bonus issue (item 17 c)**

In order to achieve a timely and efficient redemption procedure, without having to obtain permission from the Swedish Companies Registration Office or a court of law, the Board of Directors proposes to restore the company's share capital to its original amount by increasing the company's share capital by SEK 19,262,747 through a bonus issue without issuing new shares via a transfer from the company's unrestricted equity to the company's share capital. Upon completion of the bonus issue, the company's share capital will be restored to its original amount.

The Board of Directors' explanatory statement in connection with the proposal to reduce the share capital and the auditors opinions thereon in accordance with Chapter 20, Section 8 of the Companies Act, as well as the Board of Directors' statement in accordance with Chapter 20, Section 13 of the Companies Act and the auditors' statement in accordance with Chapter 20, Section 14 of the Companies Act will be available at the company's offices in Linköping and on the company's website, [investor.sectra.com/agm2021](https://investor.sectra.com/agm2021), at the latest as of August 24, 2021. Shareholders wishing to take part of these documents may notify the company, whereupon the documents will be sent by mail to the address provided.

## **Long term performance based incentive programs 2021, item 18**

### **Background and motive**

As an employer, Sectra wants to both retain and recruit competent employees who are expected to contribute to the group's continued good development. The remuneration through the long-term incentive programs that are proposed shall promote well thought-out decision-making and desirable results in a manner that is in line with the company's vision and values.

The intention is to increase the participants' affiliation with the company, which is expected to be good for the company in the long term. The Board of Directors wants the employees, through the programs, to be encouraged to increase ownership in the company and has therefore proposed a share-based compensation where a condition for it to be paid is that certain criteria must be met. An increased element of co-ownership among the company's employees is expected to lead to increased loyalty towards the company. Participation in the programs is voluntary.

Due to different conditions, different practices have developed in the USA/Canada and in the rest of the world. Therefore, two programs are proposed, one for employees in the USA and Canada (NA), and another for employees in Sweden and the rest of the world (SROW).

The Board of Directors' proposal is set out in items 18 a - 18 d below. All decisions are proposed to be conditional on each other, which is why all decisions expire if any of the proposals does not receive the required majority.

### **Resolution on terms and instructions for the incentive programs (item 18 a)**

The Board of Directors proposes that the AGM resolves on the introduction of two new long-term incentive programs for employees within the Sectra Group; one for employees in the USA and Canada ("LTIP 2021 NA") and one for employees in Sweden and the rest of the world ("LTIP 2021 SROW") in accordance with the following (together "LTIP 2021"). LTIP 2021 will comprise a maximum of 1,000 employees in total within the Sectra Group.

In total, it is proposed that a maximum of 1,000,000 shares in the company are issued (after the split of shares, which is proposed in item 16 above), which shall be sufficient for both allocation to employees at full performance, and to cover the costs of the social security contributions that are expected to arise in connection with the allotment of the so-called Performance Shares (as defined below). To this, an assessment has been made that the average social security contributions and payroll overhead (considering all the countries in which employees whom can receive Performance Shares are located) when allotted are approximately 28% of the Performance Shares that may be allotted. This means that 780,000 newly issued shares are proposed to be available for allotment to employees and 220,000 are

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intended to be sold over the stock exchange to cover social security contributions and payroll overhead. In total, this means a maximum dilution of approximately 0.5% after the proposed split of shares.

Common definitions for both programs:

1. The Employment Condition refers to the employment conditions that employees must meet in order to be eligible to participate in the Programs, namely to be a permanent or probationary employee of the Sectra Group for at least 50% of full time at the time of the annual general meeting on 14 September 2021, provided that the person in question then has commenced his or her employment and has not resigned or been dismissed from his employment or has retired. Permanent and probationary employees who are on sick leave, on leave of absence or on parental leave are also covered by the programs. Each person can only participate in one of the programs. The Board of Directors has the right to make exceptions from these terms if, according to the Board of Directors' reasonable assessment, there are special reasons.
2. The Qualification Period refers to 1 January 2022 - 31 December 2026.
3. A Performance Share refers to a Series B share in the Company.

### ***LTIP 2021 SROW***

#### *Definitions:*

1. A Share Grant refers to a right to receive a Performance Share free of charge, provided that certain conditions are met.

The Board of Directors shall recalculate the number of Performance Shares that the participants may receive upon conversion of a Share Grant if the company carries out a bonus issue, split, preferential rights issue or similar measures. Such recalculation shall take place on market terms.

2. A Saving Share refers to a Series B share in the Company which a participant in LTIP 2021 SROW has allocated to the program no later than 31 December 2021.

#### *Summary*

LTIP 2021 SROW is proposed to include such employees in Sweden and the rest of the world (with the exception of the USA and Canada) whom meet the Employment Condition, meaning that LTIP 2021 SROW is proposed to cover a maximum of 850 people within the Sectra Group. Persons employed after the AGM are not covered by the program.

The participants in LTIP 2021 SROW will be allocated an individually determined number of Share Grants. To be allotted the Share Grants, the participants in LTIP 2021 SROW must have acquired Savings Shares which have been allocated by the participant to LTIP 2021 SROW and deposited in accordance with Sectra's instructions. The maximum number of Savings Shares that the participant can allocate to LTIP 2021 SROW corresponds to the maximum number of Share Grants a participant can be allotted as set out below. For each Saving Share held within the framework of LTIP 2021 SROW, the participant is given a Share Grant.

#### *Distribution*

LTIP 2021 SROW shall comprise a maximum of 660,000 shares, which means that a maximum of the corresponding number of Share Grants can be allotted.

Each employee shall be offered 250 Share Grants. However, a participant may choose to participate with a smaller number of Savings Shares, however a minimum of 50, as a result of which the participant instead receives a corresponding number of Share Grants.

In addition, according to the Board of Directors' instructions, employees who (i) make extraordinarily strong contributions to the Sectra Group's development, (ii) are in senior positions, (iii) have particular specialist competence or (iv) in other ways are considered of special importance for the Sectra Group's development (the key personnel) can be allocated Share Grants for a total amount of a maximum of 25,000 Share Grants per person.

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The Board of Directors shall, no later than 15 November 2021, ensure that the terms and distribution of Share Grants are made accessible for eligible employees. Employees who wish to participate in the Program must, no later than 1 December 2021, notify as to which extent they wish to participate. Participants must ensure that Savings Shares, according to the notification, are available at a custody account designated by Sectra no later than 31 December 2021.

#### *Terms*

Share Grants are allotted free of charge, after the participant (i) has notified in writing that he or she has joined LTIP 2021 SROW, (ii) deposited his or her Savings Shares and (iii) entered into an agreement with Sectra relating to the allotment of Share Grants and in which the terms of participation are described in more detail.

The right to receive Performance Shares is earned during the Qualification Period. The Share Grants may not be transferred, pledged or otherwise transferred to others, with the exception of the participant's estate. If a Savings Share is sold during the Qualification Period, the right to the corresponding Performance Share is lost.

Share Grants can be exercised after the end of the Qualification Period, provided that the participant has held a corresponding number of Saving Shares throughout the Qualification Period. Share Grants that do not correspond to Saving Shares shall lapse without any compensation being paid. If the participant has held less than 50 Savings Shares during the Qualification Period, all the Participant's Share Grants lapse without the right to compensation.

In order to be able to exercise a Share Grant and thereby obtain a Performance Share, the following performance conditions ("Performance Conditions") must be met:

- a) The participant must have fulfilled the Employment Condition during the entire Qualification Period. If the participant leaves the employment during a calendar year, the participant is not considered to have been employed at all during such calendar year, but still during previous calendar years during the Qualification Period. The more detailed conditions for participants entitlement to receive Performance Shares, even if they are leaving their employment, shall be determined by the Board of Directors.
- b) For employees in companies other than Sectra Communications AB and its subsidiaries (Sectra Communications Group), Sectra must for each calendar year during the Qualification Period have achieved 1) at least one "Best in KLAS" (in any category) and 2) first, second or third place in "Best in KLAS for PACS / Radiology for large hospitals" in the USA.
- c) For employees in the Sectra Communications Group, for each calendar year during the Qualification Period, the Sectra Communications Group must have achieved 1) an operating margin (EBIT margin) of at least 15% and 2) a profit growth (EBIT) of at least 8% compared to the previous year.

In the event of transitions between the Sectra Communications Group and other companies within the Sectra Group, the criteria for the program to be applied shall apply from the nearest calendar year after the transition has taken place.

For each calendar year during the Qualification Period that one of the above-mentioned Performance Conditions has not been met, one tenth of the participant's all Share Grants shall lapse. All Savings Shares must, however, be held during the entire Qualification Period. When allocating Performance Shares, the total sum of the number of Share Grants is rounded down to the nearest whole number.

Allotment of Performance Shares takes place within 60 days from the end of the Qualification Period.

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## *LTIP 2021 NA*

### *Summary*

LTIP 2021 NA is proposed to include such employees in the USA and Canada who meet the Employment Condition, meaning that LTIP 2021 NA is proposed to cover a maximum of 150 persons within the Sectra Group. Persons employed after the shareholder's meeting are not covered by the program.

The participants in LTIP 2021 NA will be allocated an individually determined number of grants, so-called Performance Stock Units ("PSU") which, provided that certain conditions are met, entail a right to receive Performance Shares free of charge.

### *Distribution*

LTIP 2021 NA shall comprise a maximum of 120,000 shares, which means that a maximum of corresponding number of PSUs can be allotted.

The basic offer of PSUs to be allotted is 200 PSUs per employee.

In addition, according to the Board of Directors' instructions, employees in the USA and Canada who (i) make extraordinarily strong contributions to the Group's development, (ii) are in senior positions, (iii) have particular specialist competence or (iv) are otherwise considered to be of special importance for the development of the Sectra Group (the key personnel) can be allocated PSUs for a total number of no more than 20,000 PSUs per person.

The Board of Directors shall, no later than 15 November 2021, ensure that the terms and distribution of PSUs are made available to entitled employees. Employees who wish to participate in the Program must notify this no later than 1 December 2021.

### *Terms*

The allocation of PSUs shall be made free of charge after the participant has entered into an agreement with Sectra in relation to the allocation of PSUs, in which the conditions for participation are described in more detail. Allocation must be made no later than 31 December 2021.

A PSU gives the right to receive a Performance Share in the company free of charge, provided that certain conditions are met.

The right to receive Performance Shares is earned during the Qualification Period. The PSUs may not be transferred, pledged or otherwise transferred to others, with the exception of the participant's estate.

In order to be able to exercise a PSU and thereby receive a Performance Share, the following performance conditions ("Performance Conditions") must be met:

- a) The participant must have fulfilled the Employment Condition during the entire Qualification Period. If the participant leaves the employment during a calendar year, the participant is not considered to have been employed at all during such calendar year, but still during previous calendar years during the Qualification Period. The more detailed conditions for participants entitlement to receive Performance Shares, even if they are leaving their employment, shall be determined by the Board of Directors.
- b) Sectra must for each calendar year during the Qualification Period have achieved 1) at least one "Best in KLAS" (in any category) and 2) first, second or third place in the "Best in KLAS for PACS / Radiology for large hospitals in the USA (if the participant is employed in the USA) or Canada (if the participant is employed in Canada).

For each calendar year during the Qualification Period that one of the above-mentioned Performance Conditions has not been met, one tenth of the participant's all PSUs shall lapse. In the allotment of Performance Shares, the total sum of the number of PSUs is rounded down to the nearest whole number.

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## *LTIP 2021 - common*

### *Taxation*

LTIP 2021 has been designed in such way that participants are normally taxed for the benefit of receiving shares only the income year in which the Performance Shares are received, however, the tax rules may be different in some countries where Share Grants and PSUs are granted. The taxable benefit value that arises is normally calculated as the share's market value when it is received. The benefit value is normally taxed for the participants as income from employment, which means that social security contributions will be levied on the employer.

### *Preparation of the proposal*

LTIP 2021 has been prepared by the company's Board of Directors in consultation with external advisors and has been processed by the Board of Directors at a meeting on 5 august 2021.

### *Design and handling*

The Board of Directors shall be responsible for the detailed design and handling of LTIP 2021, within the framework of the specified terms and instructions, including provisions for recalculation in the event of changes in Sectra's capital structure such as intermediate bonus issue, merger, split, preferential rights issue and / or other similar events. In connection with this, the Board of Directors shall have the right to make adjustments to comply with special foreign rules or market conditions. If there are significant changes in the Sectra Group or its surroundings, which would mean that decided conditions for the allocation and vesting of Share Grants or PSUs according to LTIP 2021 are no longer appropriate, the Board of Directors shall have the right to make other adjustments. Before the Board of Directors decides on vesting and payment in accordance with the terms of the Share Grants or the PSUs, the Board of Directors shall determine whether the outcome from LTIP 2021 is reasonable. This determination shall be performed in relation to the company's financial results and position, the conditions on the stock market and otherwise. If the Board of Directors, in its determination, concludes that the outcome is not reasonable, the Board of Directors shall be able to reduce the number of Class B shares to be allotted.

### *Receipt of Performance Shares in accordance with LTIP 2021 and hedging measures*

In order to be able to implement LTIP 2021 in a cost-effective and flexible manner, the Board of Directors has considered different methods for transferring Class B shares to participants who have been allocated Share Grants and PSUs, respectively. The Board of Directors has found the most cost-effective alternative to be, and therefore proposes that the annual general meeting resolves

- a) to amend the articles of association, including the introduction of a new class of shares, series C, and that series C shares which are held by the company through the Board of Directors may be converted into series B shares (see item 18 (b) below);
- b) to authorize the Board of Directors to decide on a directed issue of a maximum of 1,000,000 C shares to the participating bank, i.e. the bank that the company engages, in order to facilitate the delivery of Performance Shares and financing of costs for social security contributions under LTIP 2021 (see paragraph 18 (c) below), and
- c) to authorize the Board of Directors to resolve on the repurchase of all issued C shares in accordance with below (see item 18 (c) below).

Following the conversion of the repurchased C shares into B shares, the B shares will be transferred partly free of charge to participants in LTIP 2021 and partly through the stock exchange to finance the costs of social security contributions related to LTIP 2021. For this purpose, the Board of Directors proposes that the annual general meeting resolves on

- d) the transfer of a maximum of 780,000 own B shares to participants in accordance with LTIP 2021 and a maximum of 220,000 B shares on the stock exchange to finance costs for social security contributions due to LTIP 2021 (see item 18 (d) below).

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*Costs and impact on important key ratios*

Assuming a share price amounting to SEK 135 (taking into account the division of shares pursuant to item 16 above) upon allotment of the Share Grants, and a share price amounting to SEK 205 (taking into account the division of shares pursuant to item 16 above) when shares are transferred upon vesting and expected outcome for LTIP 2021, the cost, including estimated costs for social security contributions, is estimated to amount to approximately SEK 120.7 million for the entire period of five years. This corresponds to approximately 14.2 percent of the Sectra Group's salary costs for 2021. The finally reported cost depends on the degree to which performance and employment conditions are met and on the value development of Sectra's share price. The costs of administering the program will be minimized and taken on an ongoing basis but is estimated to a maximum of 5% of the total scope of the program.

LTIP 2021 will be reported in accordance with IFRS 2 Share-based Payments (Sw: *Aktierelaterade ersättningar*) and the cost of social security contributions will be reported in accordance with UFR 7 *IFRS 2 and social security contributions for listed companies* (Sw: *IFRS 2 och sociala avgifter för noterade företag*). This means that the fair value of the Share Grants when allocating the Share Grants will be recognised as an employee cost and accrued over the vesting period, based on ongoing assessments and finally on the final outcome of the performance and employment conditions. The cost of social security contributions is accrued in a corresponding manner but on an ongoing basis and finally upon vesting based on the current share price.

*Dilution of existing shares and votes*

With a maximum allotment of Performance Shares, up to 780,000 Class B shares may be allotted to participants in accordance with LTIP 2021 and 220,000 Class B shares may be used to finance the cost of social security contributions as a result of LTIP 2021, which means a maximum dilution effect of about 0.5 percent.

**Resolution on amendments of the Articles of Association (item 18 b)**Current wording**§ 4 Share capital**

The share capital shall be at least thirty-two million (32,000,000) and not more than one hundred and twenty-eight million (128,000,000).

Shares may be issued in two series, A and B. Shares of series A shall carry ten votes and of series B carry one vote. No more than SEK 128,000,000 of the share capital shall be A-shares and no more than SEK 128,000,000 of the share capital shall be B-shares.

Both kinds of shares shall carry the same entitlement to share in the company's assets and profits.

Proposed wording**§ 4 Share capital**

The share capital shall be at least thirty-two million (32,000,000) and not more than one hundred and twenty-eight million (128,000,000).

Shares may be issued in *three* series, A, B and C. Shares of series A shall carry ten votes and of series B *or C* carry one vote. No more than SEK 128,000,000 of the share capital shall be A-shares, no more than SEK 128,000,000 of the share capital shall be B-shares *and no more than SEK 128,000,000 of the share capital shall be C-shares*.

*Shares of series A and shares of series B shall carry the same entitlement to share in the company's profits. Shares of series C shall not carry any share in the company's profits. At the dissolution of the company, shares of all kinds shall carry the same entitlement to share in the company's assets, provided that as regards shares of series C this right is limited to an amount equal to the quota value of the shares.*

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## § 6 Preferential right

If the company resolves on a new issue, in exchange for any other payment than payment in kind, to issue new shares of both series A and series B, owners of shares of series A and series B shall have a preferential right to subscribe for new shares of the same kind in relation to the number of shares that the owner holds (primary preferential right). Shares that are not subscribed with primary preferential right shall be offered for subscription to all shareholders (secondary preferential right). If shares thus offered are not sufficient for the subscriptions made pursuant to the subsidiary preferential right, the shares shall be distributed among the subscribers in relation to the number of shares previously held by them and to the extent this is not possible, by way of drawing lots.

If the company resolves on a new issue, in exchange for any other payment than payment in kind, to issue new shares only of series A or series B, all shareholders, irrespective of whether their shares are of series A or series B, have a preferential right to subscribe for new shares in relation to the number of shares that the owner holds.

A shareholder's preferential right as described above shall apply equally in case of a new issue of warrants and convertibles and shall not be considered as any restriction in the possibility to resolve on new issues deviating from the preferential right of shareholders.

## § 6 Preferential right etc

If the company resolves on a new issue, in exchange for any other payment than payment in kind, to issue new shares of both series A, series B and series C, owners of shares of series A, series B and series C, respectively, shall have a preferential right to subscribe for new shares of the same kind in relation to the number of shares that the owner holds (primary preferential right). Shares that are not subscribed with primary preferential right shall be offered for subscription to all shareholders (secondary preferential right). If shares thus offered are not sufficient for the subscriptions made pursuant to the subsidiary preferential right, the shares shall be distributed among the subscribers in relation to the number of shares previously held by them and to the extent this is not possible, by way of drawing lots.

If the company resolves on a new issue, in exchange for any other payment than payment in kind, to issue new shares only of series A, series B or series C, all shareholders, irrespective of whether their shares are of series A, series B or series C, have a preferential right to subscribe for new shares in relation to the number of shares that the owner holds.

*In case of an increase of the share capital by way of a bonus issue, new shares of series A and series B shall be issued in relation to the number of shares of series A and series B, respectively, that already exist. In doing so shares of series A and series B shall carry the right to receive new shares of series A and series B, respectively. Shares of series C shall not carry any right to participate in a bonus issue.*

A shareholder's preferential right as described above shall apply equally in case of a new issue of warrants and convertibles and shall not be considered as any restriction in the possibility to resolve on new issues deviating from the preferential right of shareholders.

*The Board of Directors shall be entitled to redeem all shares of series C, at which owners of such shares shall have to redeem their shares for a redemption price equal to the quota value of the shares.*

*Shares of series C that are held by the company may after a resolution by the Board of Directors, be converted into shares of series B. A conversion has been completed when it has been*

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*registered in the Companies Register and been noted in the share register.*

Of all shares already issued, 2 620 692 shares shall be A-shares and 35 904 802 shares shall be B-shares.

**Resolution on authorizing the Board of Directors to resolve upon (i) a new issue of shares of series C and (ii) the repurchase of series C shares (item 18 c)**

*Authorization for the Board of Directors to resolve upon the issue of C shares*

The Board of Directors proposes that the AGM resolves to authorize the Board of Directors to increase the company's share capital by a maximum of SEK 1,000,000 through the issue of a maximum of SEK 1,000,000 C shares, on one or more occasions, up until the AGM 2022. The new shares shall, with deviation from the shareholders' preferential rights, be subscribed for by such bank with which the company signs a cooperation agreement to facilitate the delivery of Performance Shares and financing of social security costs under the long-term incentive programs LTIP 2021 at a subscription price corresponding to the quota value. Payment shall be made in cash. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights in carrying out the issue is to ensure delivery of shares to participants in accordance with LTIP 2021 and to cover any social security costs due to LTIP 2021.

*Authorization for the Board of Directors to resolve upon repurchase of own C shares*

The Board of Directors proposes that the AGM resolves to authorize the Board of Directors to, on one or more occasions, resolve upon the repurchase of class C shares up until the AGM 2022. Repurchases may only take place through an acquisition offer addressed to all holders of class C shares and shall include all outstanding class C shares. Acquisitions must be made at a price corresponding to the share's quota value. Payment for acquired C shares must be made in cash. The purpose of the proposed repurchase authorization is to ensure delivery of Performance Shares in accordance with the long-term performance-based incentive programs LTIP 2021 and to cover any social security costs due to LTIP 2021.

Resolution on the acquisition of class C shares may only be made provided that the company's holding at any given time does not exceed 10 percent of all shares in the company (including such shares that are acquired in accordance with item 20 below).

**Resolution on transfer of series B shares (paragraph 18 d)**

The Board of Directors proposes that the AGM resolves that (after conversion from C shares) a maximum of 780,000 class B shares may be transferred to participants in accordance with the terms of LTIP 2021, and that a maximum of 220,000 class B shares may be transferred on Nasdaq Stockholm, including by way of a financial intermediary, at a price within the price range registered at any given time, to finance social security costs in accordance with the terms of LTIP 2021. The number of shares that can be transferred may be converted as a result of intermediate bonus issue, merger, split, preferential rights issue and / or other similar events.

**Resolution regarding authorization for the Board of Directors to issue new shares, item 19**

The Board of Directors proposes that the AGM resolves to authorize the Board of Directors to issue, on one or several occasions, during the period until the next AGM, not more than 18,500,000 Class B shares (taking into account the division of shares pursuant to item 16 above) for payment in cash, payment by set-off of claims or payment in kind, and that for issues where payment is made by set-off of claims, the Board of Directors shall be able to disregard the shareholders' preferential rights. The subscription price of the new shares shall be determined on the basis of the prevailing market price of

the Class B shares at the time of the issue. The purpose of the authorization is to facilitate the use of newly issued shares in connection with the implementation of or for the financing of acquisitions of companies or businesses or parts thereof and in connection with market investments.

A valid resolution requires approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the AGM.

## **Resolution regarding authorization for the Board of Directors to acquire and dispose of the company's own shares, item 20**

The Board of Directors proposes that the AGM resolves to authorize the Board of Directors to, on one or several occasions, during the period until the next AGM, resolve on the acquisition of shares of the company. Such shares may be acquired up to a maximum amount not at any time exceeding 10% of the total number of shares issued by the company (including such shares of Class C that are acquired pursuant to item 18 c above). Acquisitions of shares shall be made either on Nasdaq Stockholm at a purchase price within the range of share prices registered at any given time for the Class B shares, meaning the spread between the maximum buying rate and the minimum selling rate, or by way of an offer to all shareholders, whereby the purchase shall be made at a price which at the time of the decision corresponds at a minimum to the prevailing market price for the Class B shares and at a maximum to 150% of the prevailing market price for the Class B shares. The same price shall apply for Class A shares and Class B shares.

The Board of Directors also proposes that the Board of Directors shall be authorized to resolve, on one or several occasions during the period until the next AGM, to dispose all shares held by the company, via Nasdaq Stockholm or in connection with the acquisition of companies or businesses or parts thereof, in connection with market investments, for hedging costs that may arise relating to the company's incentive programs and for a continuous adaptation of the company's capital structure and thereby contributing to increased shareholders' value. The shareholders shall have a preferential right to acquire the shares in accordance with the provisions in the articles of association regarding the preferential right to subscribe for new shares, provided that the board of directors shall be entitled to deviate from the preferential right if the shares are paid for by way of set-off or if the purpose with the disposal is to secure the costs that arise as a result of the company's incentive program. A disposal of shares via Nasdaq Stockholm may only be made at a price within the range of share prices registered at any given time.

A valid resolution requires approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the AGM.

The Board of Directors' motivated statement in accordance with Chapter 19, Section 22, and the auditors' statement in accordance with Chapter 19, Section 28, of the Companies Act will be available at the company's offices in Linköping and on the company's website, [investor.sectra.com/agm2021](https://investor.sectra.com/agm2021), at the latest as of August 24, 2021. Shareholders wishing to take part of these documents may notify the company, whereupon the documents will be sent by mail to the address provided.

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## Miscellaneous

Valid resolutions under items 16, 17, 18 b and c, 19 and 20 above require support of shareholders holding not less than two-thirds of both the votes cast and the shares represented at the AGM. A valid resolution pursuant to item 18 d, requires support of shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the AGM.

The Board of Directors' complete proposals will be available at the company's offices in Linköping and on the company's website, [investor.sectra.com/agm2021](https://investor.sectra.com/agm2021) at the latest as of August 24, 2021. Shareholders wishing to take part of these documents may notify the company, whereupon the documents will be sent by mail to the address provided.

At July 31, 2021, the company's share capital amounted to SEK 38 525 494 allocated among a total of 38 525 494 shares, of which 2,620,692 Class A shares with ten votes each and 35 904 802 Class B shares with one vote each, that is, a total of 62 111 722 votes.

The printed Annual Report has on July 1, 2021 been made public through a press release and on the company's web site, [investor.sectra.com/annual-reports](https://investor.sectra.com/annual-reports). The Annual Report has been distributed to shareholders who have notified the company that they wish to receive the printed version, but it can also be ordered from the company at the address above.

Linköping, August 2021

Sectra AB (publ)

The Board of Directors

*This information constitutes information that Sectra AB (publ) is obliged to make public pursuant to Nasdaq's Nordic Main Market Rule Book for Issuers of Shares. The information was submitted for publication, through the agency of the contact person set out below, at 8.20 a.m. (CET) on August 13, 2021.*

For additional information, please contact:

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