

## 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 of Shareholders held on Thursday, September 8, 2022 at 16.00 (CEST) at Collegium, Teknikringen 7 in Linköping, Sweden.

Shareholders who attend the AGM are invited to visit Sectra's office at Teknikringen 20 in Linköping after the AGM, where the company will treat visitors with a light meal and show its products designed for a healthier and safer society.

### Registration and notification

A shareholder wishing to attend the Annual General Meeting of Shareholders ("AGM") shall be entered as a shareholder in the register of shareholders held by Euroclear Sweden AB as of Wednesday, August 31, 2022, and

no later than Friday, September 2, 2022 provide notification to the company in accordance with the instructions in this Notice. For shareholders that choose to submit a postal vote, such postal vote is deemed to be a notification for the AGM, see below.

A shareholder who wishes to participate in the AGM and who holds its shares through a nominee (Sw. *förvaltare*) must 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 August 31, 2022. 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 in advance as is determined by the nominee. A voting registration that has been completed by the nominee no later than September 2, 2022 will be taken into account when preparing the register of shareholders.

A notification to participate in the AGM shall be submitted in writing by post to Sectra AB (publ), Annual General Meeting, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm or by phone +46-8-402 58 70. A notification to participate can also be submitted via Euroclear Sweden AB's website, <https://investor.sectra.com/agm2022> by way of BankID verification.

A notification shall include the shareholder's name, personal or corporate registration number, address, phone number and number of shares held and, if relevant, information about any proxy holder or accompanying assistant (not more than two). Proxy holders and representatives of legal entities must submit their proxies in original copies, certificates of registration and other documents of authority well in advance of the AGM on the address set forth above. Proxy forms will be available on the company's website, <https://investor.sectra.com/agm2022>.

### Postal voting

The Board of Directors of Sectra has with reference to § 12 in the Articles of Association decided that shareholders shall be entitled to exercise their voting right at the AGM by way of postal voting pursuant to chapter 7 § 4a of the Companies Act (2005:551).

For shareholders who choose to vote by post, a submitted postal vote is deemed to be a notification for the meeting.

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's website,

#### Sectra AB (publ)

Teknikringen 20  
583 30 Linköping, Sweden  
Tel: 013 23 52 00  
info@sectra.se  
<https://sectra.com>

<https://investor.sectra.com/agm2022> 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 September 2, 2022.

Shareholders who are individuals may choose to submit his or her vote digitally by BankID verification via Euroclear Sweden AB’s website, <https://anmalan.vpc.se/euroclearproxy/>. Such digital votes must be submitted no later than September 2, 2022.

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

If the shareholder is represented by proxy, a written proxy must be submitted. Proxy forms will be available on the company’s website <https://investor.sectra.com/agm2022>, and will be sent to shareholders who request it and provides an address. Forms can also be ordered by phone, +46-13-23 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.

### **Personal data**

For information on how personal data is processed in relation to the AGM, reference is made to <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

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## Proposed Agenda

1. Opening of the AGM.
2. Election of a Chairman for the AGM.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of two persons to certify the minutes.
6. Determination of whether the AGM has been duly convened.
7. Presentation of the Annual Report and the Auditor's Report and the Consolidated Annual Report and Consolidated Auditor's Report.
8. 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.
9. Resolution regarding the allocation of the company's profit according to the adopted Balance Sheet.
10. Resolution regarding the discharge from liability towards the company for the members of the Board of Directors and the Managing Director.
11. Resolution regarding the number of members of the Board of Directors, auditors and deputies.
12. Resolution regarding the fees for the Board of Directors and the auditors.
13. Election of the members of the Board of Directors.
14. Election of the Chairman of the Board.
15. Election of the auditor.
16. Resolution regarding the approval of the remuneration report.
17. Resolution regarding principles for salary and other forms of remuneration for senior executives.
18. Resolution regarding a compulsory redemption procedure, including
  - (a) a resolution to implement a share split,
  - (b) a resolution to reduce the share capital through a compulsory redemption of shares, and
  - (c) a resolution to increase the share capital through a bonus issue.
19. Resolution regarding a long term performance based incentive program 2022 including
  - (a) a resolution regarding terms and instructions for the incentive program,
  - (b) 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
  - (c) a resolution to transfer shares of Series B.
20. Resolution regarding the authorization for the Board of Directors to issue shares.
21. Resolution regarding the authorization for the Board of Directors to acquire and dispose of the company's own shares.
22. Any other matter.
23. Closing of the AGM.

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## **Election of Chairman of the AGM, item 2**

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 Patrik Jönsson (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 5**

The Nomination Committee proposes that Patrik Jönsson, 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 9**

The Board of Directors and the Managing Director propose that no ordinary dividend is distributed for the financial year 2021/2022. The Board of Directors instead proposes a redemption procedure as set out in item 18 below.

## **Board of Directors etc, items 11-15**

The Nomination Committee proposes that the Board of Directors shall comprise of seven members without any deputy directors. Anders Persson, Torbjörn Kronander, Tomas Puusepp, Birgitta Hagenfeldt, Jan-Olof Brüer and Fredrik Robertsson are proposed to be re-elected as members of the Board of Directors and Ulrika Unell is proposed to be elected as a new member of the Board of Directors. Christer Nilsson and Jonas Yngvesson have declined to be re-elected.

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

The Nomination Committee's statement in respect of their proposal and other information regarding the proposed members of the Board of Directors is available at <https://investor.sectra.com/agm2022>.

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 280,000 (previously SEK 270,000) for each of the external members of the Board and SEK 560,000 (previously SEK 540,000) for the Chairman of the Board. It is proposed that for the Audit Committee fees shall amount to SEK 60,000 (previously SEK 50,000) for each of the external members of the Board and SEK 120,000 (previously SEK 100,000) for the Chairman of the Audit Committee. No separate fees are proposed to be 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 65 percent of the votes in the company.

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## **Approval of the remuneration report, item 16**

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).

## **Principles for salary and other forms of remuneration for senior executives, item 17**

The 2020 AGM passed a resolution to approve principles for salary and other forms of remuneration for senior executives of Sectra. The Board of Directors proposes that these shall be amended so

- (1) that the variable cash remuneration can total a maximum of 100 percent (previously 50 percent) of the Basic Salary as regards financial, operative, non-financial and individually adapted goals and
- (2) that the term “Basic Salary” shall mean, with respect to determining the variable cash remuneration, the executive’s fixed remuneration excluding vacation supplement.

As a result of these amendments, it is proposed that the guidelines in their entirety shall read as follows.

### **Scope and applicability of the guidelines**

These guidelines cover the President and CEO, other members of Group Management and, where applicable, remuneration to Board members for work performed above and beyond their commission. The guidelines will be applied to contractual remuneration, and changes made to remuneration already contracted, after the guidelines are adopted by the 2022 AGM.

The guidelines do not cover remuneration that has been decided by the General Meeting of Shareholders. Board fees will not be paid to executives employed in the Group.

### **The guidelines’ promotion of the company’s business strategy, long-term interests and sustainability**

Briefly, Sectra’s business strategy entails developing and selling products and services for medical IT and cybersecurity. Helping our customers improve the efficiency and quality of patient care and increase cybersecurity in critical functions of society is the company’s most significant contribution to a more sustainable society. For more information about the company’s business strategy, refer to Sectra’s latest Annual Report available at the company’s website, <https://sectra.com>.

Successfully implementing the company’s business strategy and looking after the company’s long-term interests including sustainability assumes that the company can recruit and retain qualified employees. This requires the company to offer competitive remuneration. These guidelines make it possible to offer senior executives competitive total remuneration.

Long-term share-based incentive programs have been introduced at the company in certain years. These programs are adopted, where necessary, by the General Meeting of Shareholders and are thus not covered by these guidelines.

### **Forms of remuneration, etc.**

The terms and conditions of remuneration must emphasize remuneration after performance, and vary in relation to the individual’s performance and the Group’s earnings. Total

remuneration shall be on market terms and can consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

#### *Fixed remuneration*

Fixed remuneration consists of a basic annual salary (the “Basic Salary”), which is to be competitive in the relevant market and reflect the responsibilities that the job entails. Salary levels will be reviewed once a year to ensure continued competitiveness and to reward individual performances.

#### *Variable remuneration*

Variable cash remuneration covered by these guidelines must be intended to promote the company’s business strategy and long-term interests, including sustainability.

Variable cash remuneration will be based on predetermined and measurable criteria. These criteria must be based on (i) financial earnings (profit, financial efficiency and sales) or alternately operational goals that over the long term are intended to lead to solid financial results; (ii) share-related goals and (iii) non-financial goals such as sustainability, customer satisfaction, quality and corporate culture. They could also consist of individually adapted quantitative or qualitative goals.

Meeting the criteria for disbursement of variable cash remuneration should be measurable over a period of one or more years. Variable cash remuneration can total a maximum of 100 percent of the Basic Salary excluding vacation supplement as regards financial, operative, non-financial and individually adapted goals and a maximum of 25 percent as regards share-related goals during the relevant measurement period.

When the measurement period for meeting the criteria for disbursement of variable cash remuneration has concluded, the extent to which the criteria were met must be determined. The Remuneration Committee is responsible for the assessment regarding variable cash remuneration to the CEO. As regards variable cash remuneration to other executives, the CEO is responsible for the assessment. As regards financial goals, the assessment must be based on the latest financial information released by the company.

In addition to variable remuneration that executives may receive in accordance with these guidelines, the Board of Directors may decide that such executives could be covered by programs for variable remuneration that also cover personnel categories other than senior executives such as all employees in the Group or in a particular business area. Such programs must entitle all employees (regardless of position) to the possibility of the same nominal remuneration.

The Board of Directors must also have the legal or contractual possibility — with the ensuing limitations — of demanding the return in full of erroneously disbursed variable remuneration (so called clawback). Such request for repayment must, where applicable, be made within five years of the disbursement.

#### *Pension and other benefits*

For the CEO and other executives covered by these guidelines, retirement and survivor benefits including health insurance must be provided and are to be defined-contribution. Variable cash remuneration must not be pensionable. Pension premiums must total a maximum of 30 percent of the Basic Salary.

The executive must be provided with the possibility of exchanging a portion of the Basic Salary with other benefits such as life insurance, healthcare insurance and a company car, provided that it is cost-neutral for the company.

As regards terms of employment subject to laws other than Swedish, the company may make the proper adjustments concerning pension and other benefits in order to comply with compulsory regulations or local practice, in which case the overall goals of these guidelines must be met to the greatest possible extent.

### **Period of notice**

The period of notice must be linked to the age of the executive, in accordance with the following policies.

Upon termination by the company or the executive, the period of notice must be at most (i) 6 months, if at the time of termination the executive is age 40 or younger; (ii) 12 months, if at the time of termination the executive is age 41–50; (iii) 18 months, if at the time of termination the executive is age 51–60; and (iv) 24 months, if at the time of termination the executive is age 61 or older. From the date the executive turns 67, however, the period of notice must be at most 6 months.

### **Salary and conditions of employment for employees**

In preparing the Board's proposal for these remuneration guidelines, salary and conditions of employment for the company's employees were taken into account through information on total employee remuneration, the components of remuneration and the increase (and rate of increase) of the remuneration forming a part of the basis for decision by the Board and the Remuneration Committee in assessing the reasonableness of the guidelines and the ensuing limitations.

### **The decision-making process for adopting, reviewing and implementing the guidelines**

The Board of Directors has established a Remuneration Committee, the tasks of which include preparing the Board's decisions on proposals for guidelines on remuneration to senior executives. The Board of Directors will draw up proposals for new guidelines at least once every four years, and present the proposal for resolution by the AGM. The guidelines will be in force until new guidelines are adopted by the General Meeting of Shareholders.

Remuneration to the CEO and, where applicable, Board members (above and beyond ordinary remuneration resolved on by shareholders' meetings) is decided by the Board based on the recommendations of the Remuneration Committee. Remuneration to other executives is determined by the CEO. The Remuneration Committee must also monitor and evaluate programs for variable remuneration to Group Management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent in relation to the company and Group Management. To the extent they are affected by such issues, neither the CEO nor other members of Group Management are present when the Board discusses and decides on issues related to remuneration.

### **Departures from the guidelines**

The Board of Directors may decide to temporarily depart from the guidelines in full or in part if, in an individual case, there are particular reasons to do so and a departure is necessary to safeguard the company's long-term interests, including its sustainability, or to ensure the company's financial strength. As indicated above, the tasks of the Remuneration Committee

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include preparing Board decisions on remuneration issues, which includes decisions on departures from the guidelines.

### **Compulsory redemption of shares, item 18**

The Board of Directors proposes that the AGM resolves on a procedure for the compulsory redemption of shares, in accordance with items 18 a - 18 c below. All resolutions are proposed to be conditional upon each other and are therefore 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 18 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 11, 2022.

### **Resolution to reduce the share capital through a compulsory redemption of shares (item 18 b)**

The Board of Directors proposes that the share capital is reduced by SEK 19,366,232.50 through the redemption of shares for repayment to the shareholders and for transfer to unrestricted equity to the extent the reduction of the share capital is accomplished by way of the redemption of shares held by the company. The reduction shall be accomplished by way of the redemption of in total 13,103,460 Class A shares and 180,558,865 Class B shares.

The amount payable for each redemption share shall be SEK one (1). Shares held by the company shall, however, be redeemed without repayment. The maximum redemption amount will thus be SEK 193,662,325, provided that the final redemption amount will be less to the extent the company itself owns shares on the record date. The Board of Directors proposes that trading in redemption shares shall take place during the period October 12-21, 2022, and that the record date for the redemption of the redemption shares shall be October 25, 2022. Payment is expected to be made through Euroclear Sweden AB around October 28, 2022.

### **Resolution to increase the share capital through a bonus issue (item 18 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 19,366,232.50 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, <https://investor.sectra.com/agm2022>, at the latest as of August 18, 2022. 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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## Long term performance based incentive program 2022, item 19

### 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 program that is 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 program, 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. Participation in the program is voluntary.

As opposed to last year's incentive programs (LTIP 2021) the proposal for this year is one common program for all employees in the entire Sectra group.

The Board of Directors' proposal is set out in items 19 a - 19 c below. All decisions are proposed to be conditional on each other and are therefore adopted as one decision. In order to obtain a valid decision, it is necessary to obtain the support of shareholders representing at least nine tenths of the votes cast as well as of the shares represented at the AGM.

### Resolution on terms and instructions for the incentive program (item 19 a)

The Board of Directors proposes that the AGM resolves on the introduction of one new long-term incentive program for employees within the Sectra Group in accordance with the following ("LTIP 2022"). LTIP 2022 will comprise a maximum of 1,100 employees in total within the Sectra Group.

As a result of last year's programs (LTIP 2021), a total of 1,000,000 C-shares were issued, which the company repurchased and converted into B-shares. Of the total number of shares thus repurchased and converted into B-shares, the company has currently allocated a total of 453,406 B-shares to LTIP 2021 (including shares to finance social security contributions) and the company therefore holds 546,594 B-shares that are not required for LTIP 2021. Since the company estimates that not more than 1,000,000 shares will be required for this year's program LTIP 2022, it is suggested that the AGM approves that at least 546,594 of the company's current B-shares may be used for LTIP 2022 and that not more than 453,406 C-shares in the company shall be issued. These shares will be enough to cover allotment 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 percent of the Performance Shares that may be allotted. This means that 780,000 shares are proposed to be available for allotment to employees and 220,000 are intended to be sold over the stock exchange to cover social security contributions and payroll overhead. In total, this means a maximum dilution for both incentive programs LTIP 2021 and LTIP 2022 of approximately 0.8 percent.

### Definitions:

1. The Employment Condition refers to the employment conditions that employees must meet in order to be eligible to participate in the Program, namely either that the person (i)

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Teknikringen 20  
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info@spectra.se  
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is a permanent or probationary employee of the Sectra Group for at least 50 percent of full time at the time of the annual general meeting on 8 September 2022, 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 or (ii) is deemed by the Remuneration Committee to fulfill the criteria for a Key Person (see below) and who commences his or her employment after the AGM on 8 September 2022 but not later than the day for the AGM 2023. Permanent and probationary employees who are on sick leave, on leave of absence or on parental leave are also covered by the program. 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. A Key Person is an employee who (i) makes extraordinarily strong contributions to the Sectra Group's development, (ii) is in a senior position, (iii) has particular specialist competence or (iv) in any other way is considered of special importance for the Sectra Group's development
3. The Qualification Period refers to 1 January 2023 - 31 December 2027.
4. A Performance Share refers to a Series B share in the company.
5. A Share Grant refers to a right to receive a Performance Share free of charge, provided that certain conditions are met. If the company carries out a bonus issue, split, aggregation of shares or a similar measure, as a result of which the number of shares in the company changes, the Board of Directors shall be entitled to recalculate the number of Performance Shares that the participants may be entitled to at a conversion of a Share Grant, if the Board of Directors considers such a recalculation to be called for with reference to the purpose of LTIP 2022.

### *Summary*

LTIP 2022 is proposed to include all employees in the Sectra Group whom meet the Employment Condition, meaning that LTIP 2022 is proposed to cover a maximum of 1,100 people. Persons employed after the AGM are not covered by the program, unless the Remuneration Committee considers them to be Key Persons and that they therefore should be part of the program.

The participants in LTIP 2022 will be allocated an individually determined number of Share Grants, which will result in a right to receive Performance Shares free of charge provided that certain conditions are fulfilled.

### *Distribution*

LTIP 2022 shall comprise a maximum of 780,000 shares for allocation to employees, which means that a maximum of the corresponding number of Share Grants can be allotted.

Each employee shall be offered 200 Share Grants.

In addition, according to the Board of Directors' instructions, Key Persons can be allocated Share Grants up to a total number of not more than 20,000 Share Grants per person.

The Board of Directors shall, no later than 15 November 2022, 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 2022, give notice whether they wish to participate.

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## *Terms*

Share Grants shall be allotted free of charge, after the participant has 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. Allotment shall be made no later than 31 December 2022.

The right to receive Performance Shares is earned during the Qualification Period. Share Grants 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 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 (the 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) in the employee's own region and (2) first, second or third place in "Best in KLAS for PACS / Radiology for large hospitals" in the USA. The term region shall mean (i) for employees in the United States: the United States, (ii) for employees in Canada: Canada, (iii) for employees in Europe (including Sweden): Europe and (iv) for employees in ANZ: Asia Pacific. For employees within central functions in Sweden (i.e. Sectra AB, Sectra Imaging IT Solutions AB, Sectra Education AB and Sectra Orthopaedics AB) and employees outside the regions of the United States, Canada, Europe and Asia Pacific Sectra shall, as regards performance criteria (1), for each calendar year during the Qualification Period have achieved at least two "Best in KLAS" in any category in any of the regions.

If for a particular year KLAS would not grant these awards or the conditions for participating in KLAS' evaluations would change, Sectra's Board of Directors may determine that a different customer satisfaction criteria should be used for that particular year.

Best in KLAS means that Best in KLAS which is granted a particular year (typically in the beginning of the year) and is determinative for the fulfillment of the performance criteria for the calendar year to which the award makes reference. Example: if Sectra achieves Best in KLAS 2023 that award is relevant for the fulfillment of the performance criteria 2023.

- 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 10 percent, as regards the financial year 2022/2023, and of at least 15 percent, as regards subsequent financial years and

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(2) a turnover growth of at least 10 percent compared to the previous year. In case of an acquisition or a transfer of a business during a particular year, the Sectra's Board of Directors shall determine what impact it will have on the performance criteria.

For the Sectra Communications Group the final accounts that occurs in a particular calendar year shall be determinative for the fulfillment of the performance criteria that particular calendar year. Accordingly, it is the operating margin and turnover growth for the financial year that comes to an end during a particular calendar year that is relevant for the fulfillment of the performance criteria. Example: For the calendar year 2023 it is therefore the final accounts for the financial year 2022/2023 that is relevant.

- D. In the event of transitions between the Sectra Communications Group and other companies within the Sectra Group, the criteria for the program you leave will apply up to and including the calendar year during which the transition occurs and the program to which you transition shall be applied from the first full 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. 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.

### *Taxation*

LTIP 2022 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 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 2022 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 July 2022.

### *Design and handling*

The Board of Directors shall be responsible for the detailed design and handling of LTIP 2022, 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, split, aggregation of shares or a similar measure, as a result of which the number of shares in the company changes. 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 according to LTIP 2022 are no longer appropriate, the Board of Directors shall have the right to make other adjustments.

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Teknikringen 20  
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info@sectra.se  
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Before the Board of Directors decides on vesting and payment in accordance with the terms of the Share Grants, the Board of Directors shall determine whether the outcome from LTIP 2022 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 2022 and hedging measures*

In order to be able to implement LTIP 2022 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. The Board of Directors has found the most cost-effective alternative to be, and therefore proposes that the annual general meeting resolves

- A. to authorize the Board of Directors to decide on a directed issue of a maximum of 453,406 C shares to 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 2022 (see paragraph 19 (b) below), and
- B. to authorize the Board of Directors to resolve on the repurchase of all issued C shares in accordance with below (see item 19 (b) below).

Following the conversion of the repurchased C shares into B shares, the B shares will be transferred after the expiry of the Qualification Period partly free of charge to participants in LTIP 2022 and partly through the stock exchange to finance the costs of social security contributions related to LTIP 2022. For this purpose, the Board of Directors proposes that the annual general meeting resolves on

- C. the transfer of a maximum of 780,000 own B shares to participants in accordance with LTIP 2022 and a maximum of 220,000 B shares on the stock exchange to finance costs for social security contributions due to LTIP 2022 (see item 19 (c) below).

*Costs and impact on important key ratios*

Assuming a share price of SEK 135 upon allotment of the Share Grants, and a share price of SEK 205 when shares are transferred upon vesting and expected outcome for LTIP 2022, 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 12.8 percent of the Sectra Group's salary costs for 2022. 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 percent of the total scope of the program.

LTIP 2022 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 accrue 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.

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### *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 2022 and 220,000 Class B shares may be used to finance the cost of social security contributions as a result of LTIP 2022, which means a maximum dilution effect for both incentive programs LTIP 2021 and LTIP 2022 of about 0.8 percent.

### **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 19 b)**

#### *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 90,681.20 through the issue of a maximum of SEK 453,406 C shares, on one or more occasions, up until the AGM 2023. 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 2022 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 2022 and to cover any social security costs due to LTIP 2022.

#### *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 2023. 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 2022 and to cover any social security costs due to LTIP 2022.

Resolution on the acquisition of class C shares may only be made provided that the company's holding of its own shares 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 21 below).

### **Resolution on transfer of series B shares (paragraph 19 c)**

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 2022, 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 2022. The number of shares that can be transferred may be recalculated as a result of intermediate bonus issue, aggregation of shares, split, or a similar measure, as a result of which the number of shares in the company changes.

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## **Resolution regarding authorization for the Board of Directors to issue new shares, item 20**

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 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 21**

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 percent of the total number of shares issued by the company (including such shares that are acquired for the fulfillment of incentive programs). 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 percent 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 of the Companies Act will be available at the company's offices in Linköping and on the

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company's website, <https://investor.sectra.com/agm2022>, at the latest as of August 18, 2022. Shareholders wishing to take part of the statement may notify the company, whereupon it will be sent by mail to the address provided.

## Miscellaneous

Valid resolutions under items 18, 20 and 21 above require the 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 19, requires the 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, <https://investor.sectra.com/agm2022> at the latest as of August 18, 2022. Shareholders wishing to take part of these documents may notify the company, whereupon the documents will be sent by mail to the address provided.

In accordance with Chapter 7, Section 32 of the Companies Act, at the AGM the shareholders are entitled to request information from the Board of Directors and the Managing Director in respect of any circumstances which may affect the assessment of a matter on the agenda and any circumstances which may affect the assessment of the company's financial position.

At July 31, 2022, the company's share capital amounted to SEK 38,732,465 allocated among a total of 193,662,325 shares, of which 13,103,460 Class A shares with ten votes each and 180,558,865 Class B shares with one vote each, that is, a total of 311,593,465 votes. The company owns 1,000,000 Class B-shares which cannot be represented at the AGM.

The printed Annual Report has on July 6, 2022 been made public through a press release and on the company's website, <https://investor.sectra.com>. 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 in August 2022

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. (CEST) on August 8, 2022.*

## For additional information, please contact:

Torbjörn Kronander, CEO and President Sectra AB

Phone 013-23 52 27, email [torbjorn.kronander@sectra.com](mailto:torbjorn.kronander@sectra.com)

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