

THE BOARD'S PROPOSAL FOR A RESOLUTION ON PERFORMANCE BASED INCENTIVE PROGRAM (LTI 2024)

The board proposes that the general meeting resolves to adopt a performance-based incentive program ("LTI 2024") for certain employees in the Sedana Medical group ("**Sedana Medical**"). If the meeting adopts LTI 2024, the board intends to subsequently provide notice of target levels and results not later than at the annual general meeting in 2027.

Summary and reasons

The board believes that the implementation of a broad performance-based incentive programme focused on premiering growth while aiming towards profitability will be beneficial for Sedana Medical's ability to reach its strategic targets and will contribute to Sedana Medical's ability to retain and recruit employees.

Considering the above, the board proposes the implementation of LTI 2024 under which participants will be allotted performance-based share rights ("**Performance rights**") that can entitle the participants to obtain securities in Sedana Medical.

To be able to implement LTI 2024 in a cost-efficient and flexible manner, the board has considered various methods for delivery of shares to the participants under LTI 2024 and hedging the program's costs, such as a swap agreement with a third party, as well as transfer of warrants entitling to subscription of new shares. The board has also taken into consideration that delivery of shares or warrants under LTI 2024 will be made no earlier than 2027. To retain full flexibility, the board proposes that shares can be delivered with any of the above alternate methods (in accordance with the proposals in item 16 a and b), with the right for the board to combine or choose any of the methods.

Participant terms and conditions for LTI 2024

A total of up to 25 Sedana Medical employees will be offered to participate in LTI 2024. The participants are divided into three groups and will be granted, free of charge, up to not more than 1,133,810 Performance rights, distributed in accordance with the following.

<i>Group</i>	<i>Category</i>	<i>No. of participants</i>	<i>Performance per group</i>	<i>Rights</i>
Group 1	CEO	1	226,762	
Group 2	Group Management	8	566,905	
Group 3	Other key employees	16	340,143	

Vesting terms – Performance Rights

Strike price

A Performance Right entitles a participant in the program, for each held right, to acquire up to one share in the company for a price corresponding to SEK 26.33, which is 170 percent of SEK 15.49, the share's volume weighted average price during 20 trading days before 11 April 2024¹, provided that the below qualifying terms and conditions have been fulfilled. The company may fulfil its obligations towards the participants by transferring warrants issued in accordance with item 16 a) to the participants.

¹ Which was the date on which the proposal was sent to the board for approval.

Maintained assignment

The participant must be an employee of Sedana Medical up until the announcement of the company's interim report for the first quarter of 2027, or if no such report is published, 1 June 2027 (the "**Qualifying Period**").

LTI 2024 is intended to be launched in close connection with the annual general meeting 2024. The board may decide to postpone the time at which a participant is requested to accept participation in the program if it is deemed appropriate, for example for new employees or to ensure that such participation can take place in accordance with applicable legislation. Depending on when the company's interim report for the first quarter of 2027 is published, this may mean that the Qualifying Period can be less than three years. However, Sedana Medical considers this to not affect the suitability of LTI 2024 since the purposes justifying the implementation of LTI 2024 are not affected by at what point during the year the participant agrees to participate in the program.

Performance Targets

The outcome of LTI 2024 is conditional upon the company achieving a performance target with respect to average annual growth rate concerning net revenue for the financial years 2024, 2025 and 2026 (the "**Performance Target**"), excluding currency effects. The performance target has been determined by the company's board of directors taking into account the company's business plan and is deemed to be in line with market practice and appropriate. Detailed information on the Performance Target and the outcome of LTI 2024 will be provided during the first half of 2027.

If the Performance Target is not fully met, the participant's right to exercise their Performance Rights will be reduced gradually down to zero, depending on the extent the Performance Target is reached. The two levels that are measured are "**Entry**" and "**Target**". A Performance Right will not give right to any allotment if the performance falls below the Entry level and it will give right to the full allotment if the Target level is reached or exceeded, with linear allotment between them.

Other terms and conditions

Participants are not entitled to transfer, pledge, or sell the Performance Rights, or to exercise any shareholder rights with respect to the Performance Rights, during the Qualifying Period.

Structure and administration

The board is responsible for the structure and administration of LTI 2024 as well as the detailed terms and conditions which shall apply between the company and the participant under the program, within the scope of the terms and conditions and guidelines set forth herein. In conjunction with this, the board shall be entitled to establish different terms and conditions for the program regarding, among other things, the Qualifying Period and allotment, in the event of termination of assignment during the Qualifying Period under specific circumstances. The board shall also be entitled to make adjustments in order to fulfil specific rules or market conditions.

In certain cases, the board shall be entitled to reduce the final allotment or to terminate LTI 2024 early, in whole or in part, without payment of any compensation to the participants in the event of significant changes in the company or on the market or if it is otherwise deemed justified to take such an extraordinary measure.

Maximum quantity and dilution

The maximum number of Performance Rights which may be allotted under LTI 2024 is 1,133,810.

According to the specific conditions adopted by the board, the number of shares covered by LTI 2024 may be subject to recalculation due to bonus issue, reverse share split or share split, rights issue, or similar measures carried out by the company, taking into consideration customary practice for corresponding incentive programs. Recalculation may also be made so that extraordinary payments of dividends are taken into consideration. When exercising Performance Rights, a so-called net strike recalculation can be applied, in accordance with the complete terms and conditions of LTI 2024. This means that the expected dilution of LTI 2024 is lower than the maximum dilution set out below.

The maximum number of Performance Rights corresponds to approximately 1.14 percent of the currently outstanding shares in the company.

A total number of 1,490,053 warrants will be issued to enable allotment under the Performance Rights (1,133,810 warrants) and to hedge costs of LTI 2024 (356,243 warrants), which corresponds to 1.50 percent of the currently outstanding shares in the company.

Delivery and cost-hedging measures, authorization to enter into swap agreements, majority requirements

The company has considered various options to enable allotment to the participants in LTI 2024 and to hedge the costs that may arise for the company in connection with the program. In order to maintain full flexibility, it is proposed that the board is entitled to choose between the alternatives set out below.

Through the annual general meeting's resolution regarding LTI 2024 under this item 15 and item 16 a), the board is entitled to enter into a swap agreement with a third party (e.g. a financial institution) in order to hedge certain costs for the program and to enable allotment to the participants.

In accordance with item 16 a), Sedana Medical is also proposed to issue 1,490,053 warrants in order to hedge the company's obligations under the mentioned swap agreement and/or for transfer to the participants in LTI 2024. Items 15 and 16 a) are conditional upon each other and it is proposed that the meeting resolves on them jointly. Resolutions in accordance with items 15 and 16 a) require that the proposal is supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the annual general meeting.

In accordance with item 16 b), it is also proposed that warrants may be transferred directly to the participants in LTI 2024. Through such a transfer, it will be possible for the company to fulfil its obligations towards the participants in LTI 2024, without incurring the costs associated with entering into a swap agreement. A resolution in accordance with item 16 b) requires that the proposal is supported by shareholders representing at least nine-tenths of both the votes cast and the shares represented at the general meeting.

Costs for LTI 2024

As a result of the proposed delivery and cost-hedging measures (item 16 a and b), the company's liquidity is only expected to be impacted by administrative costs in relation to LTI 2024. The costs of the program are booked as personnel costs in the income statement during the Qualifying Period in accordance with IFRS 2 – Share-based payment. Social security contributions will be booked on the income statement according to UFR 7 during the Qualifying Period, in accordance with the above. The amount of these costs will be calculated based on the share price performance and the outcome of the qualifying terms and conditions during the Qualifying Period. Assuming (a) full participation in LTI 2024, (b) the complete fulfillment of the Performance Targets, (c) that none of the participants in LTI 2024 leave their employment in the company during the Qualifying Period, (d) a volatility of 45 percent and (e) a risk-free interest rate of 2.3 percent, the average yearly cost of LTI 2024 according to IFRS amounts to approximately SEK 940,000 before tax.² Under the assumptions above and assuming an annual price increase of 30 percent during the duration of the program, the annual cost of social security contributions would be SEK 920,000 (calculated based on social security contributions being 31.42 percent). The intention is that the cashflow effects of social security contributions shall be covered by the delivery and cost-hedging measures. The board estimates that the positive earnings' effects which are expected to be achieved through LTI 2024 will outweigh any costs related to LTI 2024.

Preparation of the matter

LTI 2024 was initiated by the board of the company and has been prepared in consultation with Advokatfirman Lindahl KB.

² The cost calculation may be affected by changes in the value of the Performance rights at the time of their allotment.

Other long-term incentive programs

As of the date of the annual general meeting, the company has three outstanding incentive programs in the form of warrant programs (incentive program of series 2020/2024, incentive program of series 2022/2025:1 and incentive program of series 2022/2025:2). For a description of the company's long-term incentive programs, please refer to the company's annual report for 2023 and to the company's website.

Danderyd in April 2024
Sedana Medical AB (publ)
The board of directors