

## THE BOARD'S PROPOSAL FOR RESOLUTION ON A PERFORMANCE BASED LONG-TERM INCENTIVE PROGRAMME (LTIP 2025/2028)

The Board of Directors of MilDef Group AB (publ) proposes that the Annual General Meeting resolves on A) implementation of a performance based long-term incentive programme for 2025 ("LTIP 2025/2028") for MilDef's group management, B) authorisation for the Board of Directors on acquisition of own shares and C) transfer of own shares under LTIP 2025/2028 as follows.

### A) RESOLUTION ON PERFORMANCE BASED LONG-TERM INCENTIVE PROGRAMME

#### LTIP 2025/2028 in brief

LTIP 2025/2028 is proposed to include MilDef's group management, approximately six (6) employees. The participants are allocated performance based share rights that may entitle to shares in the company. Following the defined vesting period, the participants will be allocated shares in MilDef Group AB free of charge provided that certain performance targets are fulfilled. A prerequisite for allocation of shares is that the participant, with certain exceptions, remains employed within the MilDef Group. In addition, it is required that MilDef's adjusted EBITDA per share during the term has amounted to certain minimum levels and that the share price development of MilDef's share on Nasdaq Stockholm has been positive during the term. The maximum number of shares which may be allocated to the participants in total under LTIP 2025/2028 shall be limited to a maximum of 20,000 shares, which corresponds to approximately 0.04 per cent of all outstanding shares in the company.

#### The rationale for the proposal

The purpose of LTIP 2025/2028 is to strengthen the MilDef Group's ability to retain and recruit competent employees, provide competitive remuneration and to align the interests of the shareholders with the interests of the employees concerned. Through a share-based incentive programme, the employees' remuneration is tied to the company's earnings and value growth and creates long-term incentives for the programme participants. In light of the above, the Board of Directors believes that the implementation of LTIP 2025/2028 may have a positive effect on the long-term value growth of the Group and, consequently, that LTIP 2025/2028 is beneficial to both the shareholders and the company.

#### Participants in LTIP 2025/2028

LTIP 2025/2028 is proposed to include MilDef's group management, approximately six (6) employees. Invitation to participate in the programme shall be provided by MilDef on or about 31 May 2025. Persons that have been recruited, but not yet started their employment with MilDef Group when the invitation of participation in the programme has to take place, can be offered participation provided that their employment starts, and share rights are allotted, no later than 31 December 2025. The reason why any future members of the group management may be allocated share rights at such a time that the time between the allotment of share rights and the allotment of shares in the company may be less than three years, is that the Board of Directors deems it important that such employees are given the opportunity to take part in a value growth in the company's share already at the beginning of their employment.

## Number of share rights and vesting period

Participants are offered to be allocated 2,500 share rights that may entitle to shares in the company according to the conditions set out below. Allocation of shares in MilDef, if any, based on share rights shall normally occur within ten (10) business days after the vesting period ends. The vesting period begins when an agreement is entered into to participate in LTIP 2025/2028 and expires on 31 May 2028.

## Terms for share rights

The following conditions shall apply for the share rights:

- The share rights are allocated free of charge a certain time after the Annual General Meeting.
- The share rights may not be transferred or pledged.
- The share rights can be granted by the company or any other company within the Group.
- Each share right entitles the holder to receive a maximum of one (1) share in the company free of charge. The right to receive allocation of shares based on the share rights requires that the performance targets as described below are fulfilled and that the participant, with certain exceptions, has been employed within the MilDef Group during the entire vesting period and is still employed at the time of publication of MilDef's interim report for the first quarter of 2028. Exemptions to the requirement of employment may be granted by the Board of Directors in specific cases, including, but not limited to, a participant's disability or retirement.
- MilDef will not compensate the participants in LTIP 2025/2028 for ordinary dividends paid in respect of the shares that the respective share rights entitle to.
- The Board of Directors shall have the opportunity to make adjustments as a result of extraordinary events such as bonus issue, a reversed share split or a share split, a rights issue, an extraordinary dividend or similar corporate actions taking into account customary practice for similar incentive programmes.

## Performance targets

The performance target that must be achieved or exceeded in order for allocation of shares to take place relates to the development of the company's adjusted EBITDA per share<sup>1</sup> during the financial years 2025-2027 (the "Measurement Period"), where the last financial year during the Measurement Period is compared with the financial year immediately preceding the Measurement Period. The minimum level of allocation of shares is an increase in the company's adjusted EBITDA per share by thirty (30) per cent and the maximum level of allocation of shares is an increase in the company's adjusted EBITDA per share by fifty (50) per cent. Allocation of shares falls out linearly in the interval between the minimum level and the maximum level, subject to any reduction of the number of shares in accordance with the terms and conditions of LTIP 2025/2028.

Allocation of shares further requires that the share price development of MilDef's share on Nasdaq Stockholm during the term of the programme has been positive. In this calculation, the share price development of MilDef's share shall be based on a comparison of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during a period of ten (10) trading days, where the start value is calculated during the period beginning the day after the Annual General Meeting 2025 and the end value is calculated during the period beginning the day after the publication of MilDef's year-end report for the financial year 2027.

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<sup>1</sup> Adjusted EBITDA per share means the company's EBITDA, excluding non-recurring costs.

Through the link to adjusted EBITDA and the share price development of MilDef's share during the Measurement Period, the performance targets contribute to MilDef's long-term value creation. The Board of Directors intends to present the fulfilment of the performance-based conditions in the Annual Report for the financial year 2027.

## Formulation and administration

The Board of Directors shall be responsible for preparing the detailed terms and conditions and administration of LTIP 2025/2028, in accordance with the established terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments, including for example a right to resolve on a reduced allotment of shares, if significant changes in the MilDef Group, or its operational environment, would, as assessed by the Board of Directors, result in a situation where the established terms and conditions for LTIP 2025/2028 no longer are appropriate or reasonable.

In the event that the Board of Directors considers that the delivery of shares under LTIP 2025/2028 cannot be achieved at a reasonable cost, with reasonable administrative efforts or due to specific market conditions, the Board of Directors shall have the right to make appropriate local adjustments to the programme or instead offer participants a cash settlement.

## Scope and costs

The maximum number of shares in MilDef which may be allocated under LTIP 2025/2028 shall be limited to a maximum of 20,000 shares, which represents approximately 0.04 per cent of all outstanding shares in the company.

Based on the assumptions that all employees who have been offered participation in the programme participate, 100 per cent fulfilment of the performance targets and that the share price of the company's share at the time of allotment amounts to approximately SEK 211.60<sup>2</sup>, it is estimated that the total cost of LTIP 2025/2028, including social security costs and administration costs for the programme, will amount to approximately SEK six (6) million before tax. On an annual basis, the total estimated cost for LTIP 2025/2028 is estimated to amount to approximately 0.5 per cent of MilDef's total staff costs, excluding costs for long-term incentive programmes, based on planned staffing during the financial year 2025.

The costs are expected to have a marginal effect on key ratios of the MilDef Group.

The Board of Directors deems that the positive effects on earnings that are expected to occur when the members of the group management are given the opportunity to become shareholders in the company under LTIP 2025/2028 outweigh the costs related to LTIP 2025/2028.

## Delivery of shares under LTIP 2025/2028

The Board of Directors has considered two alternative hedging methods for LTIP 2025/2028; either a hedging arrangement (equity swap) with a bank for securing delivery of shares under the programme or transfer of own shares in MilDef to entitled participants in LTIP 2025/2028. The Board considers the latter alternative to be preferable. The Board has therefore proposed that the Annual General Meeting shall resolve on transfer of shares in MilDef, which are held by the

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<sup>2</sup> Corresponding to the closing price of MilDef's share on Nasdaq Stockholm on 11 April 2025.

company (see item C) below) as well as to authorise the Board to execute acquisitions of shares in MilDef (see item B) below). Should the Annual General Meeting, however, not approve the Board's proposal, the Board may enter into the hedging arrangement described above with a bank to secure the obligation of the company to deliver shares under the programme. Such a hedging arrangement with a bank may also be used for the purpose of covering costs for payment of cash compensation and social security contributions that arise as a result of LTIP 2025/2028.

#### Preparation of the proposal

LTIP 2025/2028 has been initiated by the Board of Directors of MilDef and has been structured in consultation with external advisers. LTIP 2025/2028 has been prepared by the Remuneration Committee and reviewed at meetings with the Board of Directors in the spring of 2025.

#### Previous incentive programmes in MilDef

For a description of MilDef's other share-based incentive programmes that are still outstanding, please see the company's Annual Report for the financial year 2024, note 11, and the company's website <https://mildef.com>. In addition to the programme described therein, there are no other share-based incentive programmes in MilDef.

### B) AUTHORISATION ON ACQUISITION OF OWN SHARES

The Board of Directors' proposal for a resolution on authorisation on acquisition of own shares in MilDef as set out below is conditional upon that the Annual General Meeting first has resolved on a performance based long-term incentive program (LTIP 2025/2028) in accordance with item A) above.

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to, on one or more occasions, during the period up until the next Annual General Meeting, resolve on the acquisition of own shares in MilDef on Nasdaq Stockholm in accordance with the following terms and conditions.

1. Repurchases of shares may only be made on Nasdaq Stockholm.
2. A maximum of 20,000 shares may be acquired to ensure delivery of shares to participants in LTIP 2025/2028.
3. Acquisitions of shares may only occur at a price within the share price interval applicable on Nasdaq Stockholm at that time, meaning the interval between the highest buying price and the lowest selling price published by Nasdaq Stockholm on an ongoing basis.
4. Payment for repurchased shares shall be made in cash.
5. The Board of Directors may decide on other terms and conditions for the acquisition of own shares.

The purpose of the proposed authorisation is to secure delivery of shares and associated costs, such as social security costs, for LTIP 2025/2028.

### C) RESOLUTION ON TRANSFER OF OWN SHARES UNDER LTIP 2025/2028

The Board of Directors' proposal for a resolution to transfer shares in MilDef as set out below is conditional upon that the Annual General Meeting first has resolved on a performance based long-term incentive program (LTIP 2025/2028) in accordance with item A) above.

## Transfer of shares in MilDef to participants in LTIP 2025/2028

The Board of Directors proposes that the Annual General Meeting resolves to transfer shares in the company in accordance with the following.

1. Not more than 20,000 shares in MilDef may be transferred (or the higher number of shares due to recalculation as a result of a bonus issue, a reversed share split or a share split, rights issue, compensation for extraordinary dividends or similar corporate actions).
2. The shares may be transferred to participants in LTIP 2025/2028 who under the terms for LTIP 2025/2028 are entitled to receive shares. Furthermore, subsidiaries of MilDef shall, with deviation from the shareholders' preferential rights, have the right to acquire shares in MilDef free of charge, whereby such company shall be obliged, in accordance with the terms and conditions of LTIP 2025/2028, to transfer the shares to such persons within MilDef who participate in LTIP 2025/2028.
3. Transfer of shares shall be made free of charge and at the time and otherwise according to the terms pursuant to LTIP 2025/2028.
4. The Board of Directors may decide on other terms and conditions for the transfer of own shares.

The reason for deviating from the shareholders' preferential rights is that the transfer of shares is part of the execution of LTIP 2025/2028. Therefore, the Board of Directors considers the transfer of shares in accordance with the proposal to benefit the company.

In the event that the required majority cannot be achieved for the acquisition and transfer of own shares to participants in LTIP 2025/2028 as set out above, the financial exposure of LTIP 2025/2028 and delivery of shares in accordance with the terms and conditions of LTIP 2025/2028 are intended to be secured by the company entering into an equity swap agreement with a third party, whereby the third party in its own name shall acquire and transfer shares to participants in accordance with the terms and conditions of LTIP 2025/2028.

Majority requirements, etc.

The Board of Directors proposes that resolutions in accordance with items A), B) and C) above shall be made by the Annual General Meeting as separate resolutions. The proposals under items B) and C) regarding proposals for acquisition and transfer of own shares shall be conditional upon that the Annual General Meeting has resolved in accordance with item A) regarding the implementation of LTIP 2025/2028.

A valid resolution under item A) requires that the resolution of the general meeting is supported by shareholders representing more than half of the votes cast at the Annual General Meeting. A valid resolution under item B) requires that the resolution of the general meeting is supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the general meeting. A valid resolution under item C) requires that the resolution of the general meeting is supported by shareholders holding at least nine-tenths of both the votes cast and the shares represented at the general meeting.

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