

The Board's proposal concerning (A) introduction of a long-term share savings program 2023 and (B) hedging agreements

Background

The Board of Directors proposes that the annual general meeting resolve to introduce a long-term share savings program (the “**Program**” or “**LTIP 2023**”). The Program is open to members of the management and a number of key employees of the Company and shall be introduced as soon as practically possible after HANZA's annual general meeting 2023 has resolved on the Board of Director's proposal.

The purpose of the Program is to retain senior executives long-term, create a common interest with the shareholders' and focus on the financial goals set by the Board.

Participation in the Program requires that the Participant has contributed with private investment according to point A.b) below. The Board believes that the Program will have a positive effect on HANZA's future development and thereby be beneficial for both HANZA and its shareholders.

A. Introduction of the Program

The Board of Directors proposes the introduction of the Program shall be in accordance with the principal conditions set out below.

- a) It is proposed that the Program be open to no more than 13 permanent employees of HANZA, who are divided into the following two categories: group management (3 persons) (“**Group 2**”) and other key employees (10 persons) (“**Group 2**”). The participants in Groups 1-2 shall be collectively referred to as the “**Participants**”.
- b) To be able to participate in the Program, the Participant must personally invest in shares in HANZA and these shares must be allocated to the Program (“**Saving Shares**”). For each Saving Share, Participants may be allotted one (1) share in HANZA free of charge, from HANZA, from another company within the HANZA group or from a designated third party (“**Performance Shares I**”). Performance Shares I shall be allotted provided that certain conditions are met regarding continuing employment and the uninterrupted holding of Saving Shares (which are described in more detail in section (i) below) and that the total shareholder return on HANZA's shares from March 2023 to March 2026 should be at least 10 per cent. The Performance Shares I shall be allotted after the expiry of a vesting period, running from the start of the Program until the publication of HANZA's interim report for the period January-March 2026 (“**Vesting Period**”). HANZA intends to notify the Participants of their participation in the Program around May 9, 2023 (although the Board of Directors has the right to postpone this date for individual Participants if there are special reasons to do so, however no later than November 30, 2023).
- c) Furthermore, the Participants may be allotted additional shares, subject to the fulfilment of certain performance conditions (as defined and described in section (d) below) after the expiry of the Vesting Period, free of charge from HANZA, from another company within the HANZA group or from a designated third party (“**Performance Shares II**”). For each Saving Share, the Participant may be allotted no more than four (4) Performance Shares II.

- d) The allotment of Performance Shares II shall, in addition to the same conditions as for Performance Shares I as above, depend on the degree of fulfilment of the performance condition for the Program. The performance condition shall consist of fulfilment of HANZA's financial goals according to the strategy HANZA 2025 (the "**Performance Condition**"), whereby:
- Allocation of one (1) Performance Share II if the financial sales goal is fulfilled,
 - Allocation of one (1) Performance Share II if the financial goal regarding profitability is fulfilled,
 - Allocation of one (1) Performance Share II if the financial goal regarding capital structure is fulfilled; and
 - Allocation of one (1) Performance Share II if the financial goal regarding indebtedness is fulfilled.

For the allocation of Performance Shares II, each sub-goal is assessed separately, and for maximum allocation of Performance Shares II it is therefore required that all financial goals specified above are met.

- e) Participants must invest in Saving Shares during the period from May 9 to June 16, 2023, although the Board of Directors has the right to extend (or postpone) the investment period.
- f) Performance Shares I and II may normally be allotted only after the expiry of the Vesting Period.
- g) In order for a Participant to be allotted any Performance Shares I or II, as applicable, they must have been permanently employed within the HANZA group for the duration of the Vesting Period and have held the Saving Shares invested in for the purposes of the Program until the expiry of the Vesting Period, subject to certain exemptions. Saving Shares disposed of before the expiry of the Vesting Period shall not be included in the calculation to determine the allotment of Performance Shares I or II.
- h) If the Board resolves on a significant deviation from the current resolved strategic plan for the year 2025, which leads to new financial goals, the Board shall be entitled to make adjustments to the Program, including, amongst other things, the right to decide to reduce the allotment of Performance Shares I or II, or not to allot any Performance Shares I or II at all.
- i) The Board of Directors shall be entitled to decide on the detailed terms of the Program. As such, the Board may make adjustments to these terms that are necessary to comply with specific regulations or market conditions outside Sweden.
- j) Participation in the Program is contingent upon such participation being legal in the relevant jurisdictions. Where, in the Board's opinion, Participants outside Sweden cannot be allotted Performance Shares I or II at a reasonable cost or with reasonable administrative input, it shall be entitled to decide on a cash settlement for such Participants.

- k) The Program shall comprise no more than 167,250 shares (Performance Shares I and II included, but Saving Shares excluded) and no more than 7,750 shares as compensation for any ordinary dividends.
- l) The number of Performance Shares I and II shall be subject to recalculation to take into account any bonus issues, share splits, rights issues or extraordinary dividends and/or other similar corporate events.

Allocation

The Participants are divided into different categories and, in accordance with the above, the following number of Saving Shares may be allocated by the Participants to LTIP 2023 and the following number of Performance Shares I and II may be allocated to the Participants in the different categories:

Category	Maximum number of Saving Shares per person	Maximum number of Performance Shares I per person	Maximum number of Performance Shares II per person	Maximum number of Performance Shares I	Maximum number of Performance Shares II
Group 1	6 650	6 650	26 600	19 500	79 800
Group 2	1 350	1 350	5 400	13 500	54 000

Costs of the Program, etc.

The costs of the Program, which are charged to the profit and loss account, are calculated according to accounting standard IFRS 2 and accrued during the Vesting Period. The calculation has been made based on the closing price of the HANZA share as of 31 mars 2023, i.e. SEK 76.60 per share, and the following assumptions: (i) an annual dividend yield of approximately 1.1 per cent, (ii) an estimated annual staff turnover of 10 per cent, (iii) an average fulfilment of the Performance Condition of 100 per cent for the Performance Shares I and of 75 per cent for Performance Shares II, and (iv) a maximum total of 175,000 Performance Shares I and II available for allotment. In addition to the above, the costs of the Program have been based on around 13 Participants in the Program and a maximum investment by each Participant and that all Saving Shares remain at the end of the Vesting Period. In total, the costs of the Program in accordance with IFRS 2 are estimated at approximately MSEK 7.2 excluding social security costs (MSEK 9.0 at an average fulfilment of the Performance Condition is 100 per cent). The social security costs are calculated to be approximately MSEK 2.2, based on the above assumptions, and also assuming an annual increase in the share price of 10 per cent during the Program and a social security cost tax rate of 25 per cent (MSEK 2.8 at an average fulfilment of the Performance Condition of 100 per cent).

The expected annual costs of MSEK 3.3, including social security costs, are equal to approximately 0.42 per cent of the HANZA group's total personnel costs for the financial year 2022.

The Program's effects on important key numbers and dilution

Assuming the maximum allotment of Performance Shares I and II and that no company events (save for ordinary dividends) causing recalculation occur during the Vesting Period, the number of shares to be allotted free of charge under the Program amounts to 175,000 shares in HANZA, equal to approximately 0.45 per cent of the HANZA's share capital and of its voting rights (calculated based on the number of outstanding shares in HANZA as of April 3, 2023).

The effects on key ratios and earnings per share are marginal.

Hedging arrangements

In order for the Program to be cost effective and flexible, the Board of Directors has considered various methods for the delivery of shares within the Program, such as repurchasing and transfer of own shares to Participants and issuing and transfer of warrants to Participants in the Program, with the right to subscribe for new shares. The Board has also taken into account that the delivery of shares within the Program must take place in 2026 at the earliest. In order to maintain full flexibility, the Board proposes that shares may be delivered according to both of the above alternative methods (in accordance with the proposals below under point 15.B.1 proposal for a resolution on the transfer of own shares, 15.B.2 proposal for a resolution on authorization for the acquisition of own shares, and 15.B.3 proposal for a resolution on the directed issue of warrants and approval of the transfer of warrants), with the right for the Board to combine or choose any of them.

B. Hedging arrangements in respect of the Program

1. Proposal for resolution on transfer of repurchased shares to Participants

The Board of Directors proposes that the annual general meeting resolve that the transferring of HANZA's own shares acquired and subsequently held in accordance with B.2 below, may be permitted under the following terms.

- a) Only shares in HANZA may be transferred, and a maximum of 175,000 shares may be transferred free of charge to Participants.
- b) The right to acquire shares in HANZA, free of charge, shall be granted to Participants, notwithstanding shareholders' preferential rights. HANZA subsidiaries shall also be entitled to acquire shares in HANZA free of charge, notwithstanding shareholders' preferential rights. The companies shall be obliged to immediately transfer the shares to Participants, in accordance with the Program's terms.
- c) Shares in HANZA shall be transferred free of charge, at the time and under the other terms in the Program according to which Participants are entitled to acquire shares.
- d) The number of shares in HANZA that may be transferred under the Program shall be subject to recalculation to take into account bonus issues, share splits, rights issues, dividends and/or other similar corporate events.

2. Proposal for resolution on authorization for the Board of Directors to resolve on acquisition of own shares to ensure delivery within the Program

To ensure HANZA's commitment to deliver shares to the Participants in the Program, the Board proposes that the annual general meeting authorizes the Board to resolve on repurchase of own shares in accordance with the following:

- a) Acquisition of own shares must be made on Nasdaq Stockholm.
- b) The authorization may be used on one or several occasions during the period up to the annual general meeting 2024.
- c) The number of shares required for the delivery of Performance Shares I and II to the Participants in the Program, however no more than 175,000 shares, may be acquired to ensure such delivery as well as to be held for a possible future disposal to finance social security contributions or other costs related to the Program.
- d) Acquisition of own shares shall be made in cash and at a price within the market price interval registered at any given time, such interval being the interval between the highest purchase price and the lowest sales price.
- e) The Board of Directors may resolve on other conditions for the acquisition.

3. Proposal for resolution on a directed issue of warrants and approval of transfer of warrants to ensure delivery within the Program

To ensure HANZA's commitment to deliver shares to the Participants in the Program as well as for a possible future disposal to finance social security contributions or other costs related to the Program, the Board proposes that the annual general meeting resolve on a directed issue of warrants with the right to subscribe for new shares in HANZA, in accordance with the below proposal.

The Board's proposal entails that the general meeting shall decide on a directed issue of 218,750 warrants with the right to subscription of new shares in the company, principally in accordance with the following conditions.

1. The warrants are issued free of charge. Each warrant will give the right to subscribe for one new share in the company, thus the share capital of the company can increase with a maximum of SEK 21,875 if the warrants are fully utilized.
2. The right to subscribe for warrants shall, with a deviation from the shareholders' preferential rights, be granted HANZA AB.
3. Subscription to the warrants shall be made no later than May 31, 2023 with the Board reserving the right to extend this time limit.
4. The warrants can be exercised to subscribe for shares in the company from the registration of the warrants with the Swedish Companies Registration Office and up to and including 31 December 2026.
5. A warrant entitles its holder to subscribe for one new share in the company for a subscription price corresponding to the share's quota value, SEK 0,10.
6. The new shares issued under the warrants shall entitle to dividend as from the first record date for dividend to occur after the registration of the new shares with the Swedish Companies Registration Office.

7. The number of shares issued under each warrant may be recalculated in accordance with recalculation principles due to a bonus issue, share split or consolidation, rights issue and/or any similar event.
8. The complete terms and conditions for the warrants, including recalculation principles, will be included in Appendix 1.

Reason for the deviation from the shareholders' preferential right

The reason for deviating from the shareholders' preferential rights is to ensure the company's commitment to deliver shares in accordance with the Program and otherwise dispose of the warrants to cover costs for, or fulfill commitments under, the Program.

Dilution

At full utilization of the warrants, the number of outstanding shares in the company will increase by 218,750. These shares constitute 0.56 per cent of the number of shares and votes, calculated as the number of new shares in relation to the number of existing shares in the company.

If the proposed warrants had been fully utilized throughout 2022, the company's earnings per share for the financial year 2022 would have been SEK 3.28 per share on a pro forma basis, instead of SEK 3.35 per share respectively as reported.

In the event that repurchased shares (in accordance with the Board's proposal for acquisition and transfer of own shares) are fully or partly transferred to the Participants in the Program instead of warrants, the dilution will be reduced.

Transfer of the warrants

Furthermore, the Board proposes that the general meeting resolve to approve that HANZA AB, on one or more occasions, may transfer warrants to the Participants in the Program in accordance with the terms and conditions of the Program, and dispose of the warrants in order to cover costs related to, or fulfil obligations occurring under, the Program.

Special authorization

The Board proposes that the Board, or anyone appointed by the Board, shall be entitled to make the minor adjustments to the above proposed resolution that may be necessary upon registration of the resolution with the Swedish Companies Registration Office or due to any other formal requirement.

Preparation of the matter

The proposed Program and related hedging measures have, according to guidelines issued by HANZA's Board, been prepared by HANZA's remuneration committee, with the help of external advisers. The remuneration committee has presented the work to the Board, after which the Board has decided to propose that the Program and associated hedging measures be adopted at the annual general meeting 2023.

Conditions

The general meeting's resolution to introduce the Program in accordance with 15.A above is subject to the general meeting having resolved to pass the proposal to transfer own shares to the Participants in accordance with 15.B.1 above and at least in accordance with one of the proposals to acquire own shares in accordance with 15.B.2 above or the proposal for the issue of warrants and the approval of the transfer of such warrants in accordance with 15.B.3 above.

Majority requirements

The resolution under Item 15.A above on the Program's introduction requires a majority of shareholders representing more than half of the votes cast represented at the general meeting. The resolution under Item 15.B.1 on the transferring of own shares to Participants requires the approval of shareholders representing no less than nine-tenths of the votes cast and the shares represented at the meeting. The resolution under Item 15.B.2 on authorization for the Board to resolve on acquisition of own shares requires the approval of shareholders representing at least two thirds of both the votes cast and the shares represented at the general meeting. The resolution under Item 15.B.3 on a directed issue of warrants and approval of transfer of warrants requires the approval of shareholders representing no less than nine-tenths of the votes cast and the shares represented at the meeting.

Previous incentive programs in HANZA

No share-related compensation has been paid in 2020 or 2021. During the second quarter in 2020, 850,000 warrants were subscribed by HANZA's management team for market consideration. Each warrant entitles the holder to subscribe for one share in HANZA at a subscription price of SEK 20 during the period June 1 to September 30, 2023.

Together with outstanding warrants under previous incentive programs, the warrants will result in a combined dilution of approximately 2.7 per cent of the outstanding shares and votes in the company.

Kista in April 2023

HANZA AB (publ)

Styrelsen