

Item 12 – Proposed resolution regarding implementing an incentive program for employees in Sweden and issuing warrants in connection therewith

A. Implementing an incentive program

The board of directors propose that the general meeting resolve to establish a long-term incentive program for certain key employees in the Company and its subsidiaries (the "**Group**") through the issuance of so-called qualified employee stock options in accordance with Ch. 11a. of the Swedish Income Tax Act (1999:1229) ("**Incentive Program A 2025/2028**") and issuance of options ("**Incentive Program B 2025/2028**"). The proposal aims to create conditions to strengthen the motivation of employees which the Group has identified as important and trusted in the short and long term. The proposal furthermore aims to strengthen the Company's possibility to recruit key employees. The board considers that an incentive program according to the present proposal is beneficial for the Group and the Company's shareholders.

B. Participants and allotment of Employee Stock Options within Incentive Program A 2025/2028

The board proposes that the general meeting resolves on the following terms and conditions for the allocation of qualified employee stock options ("**Employee Stock Options**") within the framework of Incentive Program A 2025/2028.

- (1) The Employee Stock Options shall be allocated to key employees and senior executives within the Group (each a "Participant"). Not more than 14,000,000 Employee Stock Options will be issued, conditional that the total number of warrants in both incentive programs do not exceed 18,875,554 (as set out in section D). the maximum allotment to a participant is 5,000,000 Employee Stock Options. The board shall resolve on allocation based on experience, ability, and performance.
- (2) Allotment of the Employee Stock Options shall take place no later than June 6, 2025. The Employee Stock Options shall be granted free of charge. Only employees who are part of the aforementioned categories shall be offered the right to be awarded Employee Stock Options, provided that they have entered into a separate agreement regarding Employee Stock Options with the Company.
- (3) Each Employee Stock Option entitles the holder to acquire one (1) warrant in the Company that has been issued in accordance with section D below and which shall be transferred from the Company's subsidiary to the Participant in accordance with section E.
- (4) Participants will be able to exercise allocated and vested Employee Stock Options from and including 1 July 2028 up to and including 30 September 2028. Allocated Employee Stock Options may only be used to acquire warrants if the Participant is still employed and the conditions for qualified employee stock options according to the Swedish Income Tax Act are met.

- (5) The board shall be responsible for managing the Incentive Program A 2025/2028 within the framework of the main terms and conditions stated above.

C. Participants and allotment of options within Incentive Program B 2025/2028

The board proposes that the general meeting resolves on the following terms and conditions for the allocation of options ("**TO B**") within the framework of Incentive Program B 2025/2028.

- (1) The TO B shall be allocated to key employees and senior executives within the Group (each a "Participant"). Not more than 12,000,000 TO B will be issued, conditional that the total number of warrants in both incentive programs do not exceed 18,875,554 (as set out in section D). The maximum allotment to a participant is 6,000,000 TO B. The board shall resolve on allocation based on experience, ability, and performance.
- (2) Allotment of the TO B shall take place no later than June 6, 2025. Payment of the options premium shall take place within two weeks of subscription. The Board of Directors shall have the right to extend the timeline. The TO B price will be set using an established valuation methodology, such as Black & Scholes valuation model, to ensure a valuation in accordance with market terms. Only employees who are part of the aforementioned categories shall be offered the right to subscribe to TO B, provided that they have entered into a separate agreement regarding TO B with the Company. At subscription, the Company shall retain the right to repurchase TO B in situations such as the Participant ending his/her employment or if the Participant wishes to pass on the TO B to a third party.
- (3) Each TO B entitles the holder to acquire one (1) warrant in the Company that has been issued in accordance with section D below and which shall be transferred from the Company's subsidiary to the Participant in accordance with section E.
- (4) Participants will be able to exercise allocated and vested TO B from and including 1 July 2028 up to and including 30 September 2028. Allocated Employee Stock Options may only be used to acquire warrants if the Participant is still employed in accordance with the terms "Villkor för teckningsopitoner Serie 2025/2028 i Freemelt Holding AB (publ)".
- (5) The board shall be responsible for managing the Incentive Program B 2025/2028 within the framework of the main terms and conditions stated above.

D. Issuance of warrants

To enable the board's proposal according to A above, the Board proposes that the general meeting resolves to issue no more than 18,875,554 warrants, entailing an increase of the Company's share capital when fully exercised by not more than SEK 943,777.70 (calculated on a quota value of SEK 0.05). The following terms and conditions shall apply to the resolution.

- (1) The right to subscribe for the warrants shall, with deviation from the shareholders' preferential right, vest in the company's subsidiary, Freemelt AB (the "**Subsidiary**"),

with the right and obligation to transfer the warrants to the Participants according to section B and C above.

- (2) The reason for the deviation from the shareholders' preferential right is that the warrants shall be able to be used for the implementation of the Incentive Program A 2025/2028 and the Incentive Program B 2025/2028.
- (3) The warrants shall be issued at no consideration.
- (4) Subscription of the warrants shall take place on a separate subscription list within ten days of the general meeting's resolution.
- (5) The board has the right to extend the subscription period.
- (6) Each warrant entitles to subscription of one share in the Company. The warrants may be exercised to subscribe for new shares during the period from and including 1 July 2028 up to and including 30 September 2028.
- (7) The subscription price for the shares upon exercise of the warrants shall amount to 200 percent of the volume weighted average price as set out in the official registry of First North Stockholm during the period of 20 trading days up to and including May 20, 2025. The subscription price shall be rounded to the closest tenth of a krona, where a twentieth of a krona is rounded downwards. The subscription price may not be lower than the quota value of the shares. Any share premium shall be transferred to the unrestricted premium reserve.
- (8) Shares which are newly issued following subscription shall entitle the holder to a dividend at the first record date for the dividend following the date which occurs after the new shares have been registered with the Swedish Companies Registration Office and entered into the share register maintained by Euroclear Sweden AB.
- (9) Warrants that are held by the Subsidiary and that have not been transferred in accordance with section B and C above may be cancelled by the Company following a decision by the Company's board of directors. Cancellation shall be reported to the Swedish Companies Registration Office for registration.

The warrants shall in addition to the above be subject to the terms and conditions set out in "Villkor för teckningsoptioner Serie 2025/2028 i Freemelt Holding AB (publ)". The terms and conditions will inter alia show that the subscription price as well as the number of shares that each warrant entitles to subscription can be recalculated in case of, inter alia, new issues of shares and bonus issues.

E. Approval of transfer of warrants

- (1) The right to acquire warrants from the Subsidiary shall accrue to the Participants, provided that the Participant is still employed (and that other prerequisites for qualified employee stock options according to the Sweden Income Tax Act are met regarding Incentive Program A 2025/2028).

- (2) The right to acquire warrants from the Subsidiary shall be conditional upon the Participant, at the time of subscription, renounces participation in existing Incentive Program 2023/2027 and Incentive Program 2024/2028 (where applicable).
- (3) One (1) Employee Stock Option gives the right to acquire one (1) warrant. One (1) TO B gives the right to acquire one (1) warrant. Notification of the acquisition of warrants must take place during the period from and including 1 July 2028 up to and including 30 September 2028. The warrants are acquired free of charge by the Participants.
- (4) In connection with the notification of the acquisition of warrants, the Participant shall submit an irrevocable power of attorney to a representative of the Company authorizing the representative to, in the Participant's name and on his/her behalf, immediately after the Subsidiary transfers the warrant to the Participant, use the received warrants to subscribe for shares in the Company.

F. Further information regarding the incentive program

(1) *Dilution*

The conversion of warrants will happen through a so called “net exercise” which means the actual dilution as a consequence of the incentive programs will be lower than what is indicated by its nominal size. Without “net exercise” the maximum number of new shares at full subscription in both programs would be 18,875,554, corresponding to a dilution of approximately 9.1 percent calculated on the number of shares after full subscription, subject, however, to the recalculation of the number of shares that each warrant entitles to subscription of.

Dilution of 9.1 percent is a theoretical maximum that will not be achieved within the “net exercise” design. Exact dilution will depend on share price at conversion in relation to share price at the AGM 2025. If, for example, the share price at the conversion day is a) three times, or b) four times, or c) six times higher than at the time of the 2025 AGM, the dilution will be approximately a) 3.2 percent, b) 4.8 percent and c) 6.2 percent.

Participation is conditional upon Participant (where applicable) renouncing participation of existing incentive programs as set out in section E.2 above.

(2) *Costs for the Company*

It is the board's assessment that the tax regulations for qualified employee stock options according to Ch. 11a of the Sweden Income Tax Act is applicable to the Incentive Program A 2025/2028. It is further of the board's assessment that Participants will acquire securities at market terms within Incentive Program B 2025/2028 and consequently there is no taxable benefit as set out in the Sweden Income Tax Act or the Act on Social Fees. Taking this into account, the Company's costs for the Incentive Program A 2025/2028 and Incentive Program B 2025/2028 are calculated to only consist of costs for the preparation, implementation and administration of the program as well as guidance of the tax situation.

(3) Preparation of the proposal The principles for the incentive program have been worked out by the Company's board and it has support from the Company's largest shareholders. The proposal has been prepared with the support of external advisers. The board has subsequently decided to present this proposal to the AGM.

(4) *Other incentive programs*

The Company has current incentive programs that includes a total of 6,107,484 warrants which combined gives the right to subscribe for 6,640,807 shares in the Company. The total dilution according to these programs amounts to 3.4 percent based on the number of shares after full subscription.

The maximum dilution from incentive programs implemented in year 2020 is 0.8 percent, from the incentive program implemented in year 2023 is 1.5 percent and from the incentive program implemented in year 2024 is 1.1 percent. The calculation is based on the number of shares after full subscription. Note the information in section E.2 above regarding conditions that a Participant must renounce participation in existing incentive programs to be eligible for the proposed 2025 programs.

(5) Majority requirement

The board, or a person appointed by the board, shall be authorized to make the minor changes in the resolution that may be required for registration with the Swedish Companies Registration Office and Euroclear Sweden AB. The proposals, according to A-E, shall be treated and seen as one and the same resolution. The AGM's resolutions regarding this item are valid only if they are supported by shareholders with at least nine tenths (9/10) of both the votes cast and the shares represented at the meeting.