The Board of Directors' of Terranor Group AB (publ) proposal for resolution on a long-term incentive program in the form of cash-settled synthetic options

The Board of Directors of Terranor Group AB (publ) ("**Terranor**") proposes that the Annual General Meeting resolves to implement a cash-settled synthetic option program linked to the trading price of Terranor's share on Nasdaq First North Growth Market. The cash-settled synthetic option program (the "**Incentive Program**") is proposed to be directed to senior executives of Terranor and will be implemented through the issuance of synthetic options as below.

<u>The rationale for the proposal</u>

The Incentive Program comprises senior executives of Terranor and consists of synthetic options (the "**Options**") to be granted free-of-charge to the participants no later than 30 June 2026. The Board of Directors of the company believes that a share price linked incentive program constitutes a central part of an attractive and competitive remuneration package aimed at retaining and motivating senior executives and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders. The Incentive Program is adapted to the company's present circumstances and strategic priorities. The Board of Directors is of the opinion that the Incentive Program will strengthen the participants' commitment to the company's operations, enhance loyalty and be beneficial to both the shareholders and the company.

<u>Terms and conditions for the Options</u>

The following terms and conditions shall apply to the Options:

- The Options shall be allocated free of charge to the participants.
- The Options shall be granted no later than 30 June 2026.
- Each Option entitles the holder to receive a cash amount determined in accordance with the following calculation. The cash amount is based on the development of Terranor's share price, using SEK 20.00 as the initial value and applying an annual hurdle rate of 7.00 percent (CAGR). This results in an end value of approximately SEK 24.50, which is rounded to the nearest SEK, resulting in a hurdle at vesting of SEK 25.00 (the "**Hurdle**").
- Each Option entitles the holder to a cash amount equal to the difference between the volume-weighted average share price during 90 calendar days before and including 30 June 2028 (the "**VWAP**") and the Hurdle. However, should the VWAP exceed SEK 90.00, the VWAP shall be determined to SEK 90.00 and consequently the maximum cash amount to be paid per Option will be SEK 65.00. The VWAP shall be rounded to the nearest whole SEK, with SEK 0.50 being rounded upwards.
- Provided that the participant is still employed by the company and has not given or received notice of termination, all allotted Options shall vest on 30 June 2028. The vesting period is thus shorter than three years from the AGM. The reason for this is an agreement with the company's management entered into in connection with the company's listing in June 2025, under which the vesting period is to be three years from the date of the IPO.
- The number of Options shall be re-calculated in the event that changes occur in the company's equity capital structure, such as a consolidation, merger, bonus issue, rights issue, share split or reverse share split, reduction of the share capital, dividend or similar measures, in accordance with market practice.
- The Options shall not constitute securities and may not be transferred or pledged.

- The Options can be granted by Terranor as the group parent company as well as any other company within the group.

Allocation of Options

The Incentive Program shall comprise eight (8) senior executives of Terranor. Each participant will be allotted Options pursuant to the below. Overallotment of Options shall not be permitted.

Category	**Number of senior executives per category**	**Number of Options granted**
CEO	1	250,000
CFO	1	125,000
Country Manager	2	62,500
Senior executives	4	50,000
Total	***8***	***700,000***

Preparation, administration and the right to amend the terms and conditions of the Options

The Board of Directors shall be responsible for preparing the detailed terms and conditions of the Incentive Program, in accordance with the above-mentioned terms and guidelines. To this end, the Board of Directors may make adjustments as necessary to comply with foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the company or its environment would result in a situation where the adopted terms and conditions of the Incentive Program no longer serve their purpose. To the extent that the cash amount payable to the participants is deemed to exceed what is reasonable in light of the purpose of the Incentive Program, the Board of Directors may, at its sole discretion, delay payment of the cash amount accordingly.

Preparation of the proposal

The company's Board of Directors has prepared the Incentive Program in consultation with external advisors. The Incentive Program has been reviewed by the Board of Directors at a board meeting held in April 2026. The company currently has no other long-term incentive programs in place.

Dilution

Since the Options in the Incentive Program are synthetic, the Incentive Program does not result in any dilution of shareholdings.

Scope and costs of the Incentive Program

The future cost for Terranor in respect of the Incentive Program depends on the trading price of the Terranor share. The maximum cost of 700,000 Options is not expected to exceed SEK 55,000,000 based on a VWAP of SEK 90.00 or more. In addition, there are other expenses such as compensation to external advisors and for administration of the Incentive Program, which is expected to amount to not more than SEK 200,000. The company has reduced the risk by having a cap on the maximum cash amount.

Majority requirement

A resolution on implementation of the Incentive Program requires approval of more than half of the votes cast at the Annual General Meeting.