

**The Board of Directors' proposal regarding a) implementation of the Employee Stock Option Program 2021/2025, b) directed issue of warrants to subsidiary, and c) approval of transfer of warrants**

The Board of Directors of Abliva AB, reg. no. 556595-6538, (the "**Company**") proposes that the annual general meeting resolves a) to implement the Employee Stock Option Program 2021/2025, b) on a directed issue of warrants to a wholly owned subsidiary of the Company (the "**Subsidiary**") in order to fulfil the obligations under the Employee Stock Option Program 2021/2025, and c) to approve the transfer of warrants in the Company on the terms set forth below ("**Employee Stock Option Program 2021/2025**").

The Board of Directors considers it important and in the best interest of all the shareholders that the CEO of the Company, which is considered important for the Company's development, has a long-term interest in a positive value development of the Company's shares. A personal long-term shareholder engagement is expected to contribute to an increased interest in the Company's business and result, as well as to increase the participant's motivation and affinity with the Company and its shareholders.

**a) Employee Stock Option Program 2021/2025**

The Board of Directors proposes that the annual general meeting resolves to implement the Employee Stock Option Program 2021/2025 in accordance with the following main terms:

1. The maximum aggregate number of common shares that can be issued pursuant to stock options under the Employee Stock Option Program shall be 4,900,000.
2. The stock options shall be offered to the CEO of the Company without consideration.
3. Each stock option confers the holder a right to acquire one new share in the Company against an exercise price corresponding to 100 per cent of the volume weighted average price for the Company's shares during the period from 20 May 2021 up to and including 28 May 2021, however, not less than the fair market value of the Company's share, established by an independent valuation, at the date of the allotment of the stock option. The exercise price and number of shares that each stock option confers right to acquire may be recalculated in the event of certain corporate transactions, including a consolidation or share split, etc., in accordance with the terms of the Employee Stock Option Program and applicable law.
4. Allotment of the stock options to the participant shall take place on 1 June 2021, with a right for the Board of Directors to prolong the time limit. However, all stock options must be allotted on the same day.
5. The allotted stock options will be vested over a four-year period in accordance with the following:
  - a. 1/4 of the allotted stock options, or a proportion thereof, will be vested on 1 June 2022, provided that the participant is still active within the group as of the mentioned date;
  - b. 1/4 of the allotted stock options, or a proportion thereof, will be vested on 1 June 2023, provided that the participant is still active within the group as of the mentioned date;

- c. 1/4 of the allotted stock options, or a proportion thereof, will be vested on 1 June 2024, provided that the participant is still active within the group as of the mentioned date; and
- d. 1/4 of the allotted stock options, or a proportion thereof, will be vested on 1 June 2025, provided that the participant is still active within the group as of the mentioned date.

No other performance criteria for vesting shall apply given the development phase of the Company and the market conditions for remuneration to US senior executives.

- 6. If the participant ceases to be an employee before a vesting date, the already vested stock options may be exercised at the ordinary time for exercise as described below, but further vesting will not take place.
- 7. The holder can exercise vested stock options during the period from 3 June 2024 to 31 December 2025 in accordance with the terms for the stock options. The Board of Directors has the right to limit the number of dates for delivery of shares during the exercise period.
- 8. The stock options shall only be exercisable by the holder during the holder's lifetime and shall not be able to be transferred or pledged or otherwise disposed of by the holder. However, in the event of the participant's death, the rights constituted by vested stock options shall accrue to the beneficiaries of the holder of the stock options, by will or by the laws of descent and distribution.
- 9. Participation in the Employee Stock Option Program 2021/2025 requires that such participation is in accordance with applicable laws, as well as that such participation can be executed with reasonable administrative costs and financial efforts according to the Company's assessment.
- 10. The stock options shall be governed by a written plan document and separate award agreement with the participant. The Board of Directors shall be responsible for the preparation and management of the Employee Stock Option Program 2021/2025 within the above mentioned main terms. The Board of Directors has the right to, within the framework of the agreement with the participant, make the reasonable changes and adjustments of the terms and conditions of the stock options that are deemed suitable or appropriate as a result of local employment law or tax law or administrative conditions. The Board of Directors also has the right to advance vesting and the timing of exercise of stock options, in certain cases, such as in the case of a public takeover bid, certain changes in ownership of the Company, liquidation, merger and similar measures. Finally, the Board of Directors has the right to, in extraordinary cases, limit the scope of, or prematurely terminate, Employee Stock Option Program 2021/2025 in whole or in part.

In view of the above mentioned terms, the size of the allotment and other circumstances, the Board of Directors considers the proposed stock option program to be balanced and favourable for the Company and its shareholders.

#### **b) Directed issue of warrants to the Subsidiary**

In order to enable the Company's delivery of shares under the Employee Stock Option Program 2021/2025, the Board of Directors proposes that the annual general meeting resolves on a directed

issue of not more than 4,900,000 warrants of series 2021/2025. Each warrant confers a right to acquire one new share in the Company. The issue shall be made with deviation from the shareholders' preferential rights and on the following terms.

1. The warrants shall, with deviation from the shareholders' preferential rights, only be able to be subscribed for by the Company's wholly owned Subsidiary.
  2. The warrants shall be issued without consideration.
  3. The reason for the deviation from the shareholders' preferential rights is that the warrants are a part of the implementation of the Employee Stock Option Program 2021/2025.
  4. The warrants shall be subscribed for by 1 June 2021 at the latest on a separate subscription list. The Board of Directors shall have the right to extend the subscription period.
  5. Each warrant confers the holder a right to subscribe for one (1) new share in the Company against an exercise price corresponding to 100 per cent of the volume weighted average price for the Company's shares during the period from 20 May 2021 up to and including 28 May 2021, however, not less than the fair market value of the Company's share, established by an independent valuation, at the date of the allotment of the stock option, all of which shall be allotted on the same day. The subscription price shall never be less than the quota value of the share. Upon subscription of shares, the part of the subscription price that exceeds the quotient value at the time of the then outstanding shares, shall be allocated to the non-restricted share premium fund.
  6. The warrants may be exercised for subscription of new shares during the time period from the registration of the warrants with the Swedish Companies Registration Office (Sw. Bolagsverket) up to and including 31 December 2025.
  7. The full terms and conditions for the warrants are set forth in the terms and conditions for warrants 2021/2025:1, which are available at the Company and on the Company's website, (the "**Warrant Terms and Conditions**"). According to the Warrant Terms and Conditions the subscription price and the number of shares which each warrant confers right to subscribe for may be recalculated in the event of a bonus issue, reverse share split or share split, new issue, issue of warrants or convertibles and under some other circumstances. Further, the period for exercising the warrants may be brought forward in some cases.
  8. The Company's share capital can increase with SEK 245,000, provided that the warrants are fully exercised (with reservation for any recalculation in accordance with the Warrant Terms and Conditions).
  9. The newly subscribed shares shall confer entitlement to dividends for the first time on the next record day for dividends which occurs after the subscription has been registered with the Swedish Companies Registration Office (Sw. Bolagsverket) and the shares has been entered into the Euroclear Sweden AB's share register.
  10. The CFO, or anyone appointed by the Board of Directors, shall be authorized to make such minor adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (Sw. Bolagsverket) or Euroclear Sweden AB.
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### **c) Approval of transfer of warrants**

The Board of Directors proposes that the annual general meeting resolves to approve that the Subsidiary may transfer warrants to the participant of the Employee Stock Option Program 2021/2025 without consideration in connection with exercise of the stock options in accordance with the terms set out in item a) above, or in any other way dispose of the warrants in order to be able to secure the Company's commitments in relation to the Employee Stock Option Program 2021/2025.

#### **Dilution and information about other incentive programs**

Per the day of this proposal there are 328,941,492 shares in the Company which entitles to one vote. If all warrants issued within Employee Stock Option Program 2021/2025 are exercised for subscription of shares, the number of shares of and votes in the Company will increase with 4,900,000 (with reservation for any recalculation in accordance with the Warrant Terms and Conditions), which corresponds to a dilution of approximately 1.47 per cent of the number of shares and votes in the Company. The dilution effects have been calculated as the number of additional shares and votes in relation to the number of existing shares and votes plus the number of additional shares and votes.

The Company currently has no ongoing share-based incentive programs.

#### **Financing**

The Board of Directors has considered different financing methods for transfer of shares under the Employee Stock Option Program 2021/2025 such as acquisition and transfer of treasury stock and an equity swap agreement with a third party. The Board of Directors considers that a directed issue of warrants to a subsidiary without consideration is the most cost efficient and flexible method to transfer shares under the Employee Stock Option Program 2021/2025. Since the costs for the Company in connection with an equity swap agreement will be significantly higher than the costs in connection with transfer of warrants, the main alternative is that the financial exposure is secured by transfer of warrants and that an equity swap agreement with a third party is an alternative in the event that the required majority for approval is not reached.

#### **Preliminary valuation, costs and effects on key figures**

The Board of Directors assesses that Employee Stock Option Program 2021/2025 will entail costs in the form of costs in accordance with IFRS2. No costs in the form of social security contributions are expected to arise. Based on (i) the assumption that 100 per cent of the options in Employee Stock Option Program 2021/2025 will be allotted, (ii) that all 4,900,000 stock options may vest, meaning that full vesting take place, the estimated accounting costs for the options amounts to approximately a total of MSEK 1.6 during the time period 2021-2025, based on the actual value of the options at the time of calculation. The options do not have a market value since they are not transferable.

However, Öhrlings PricewaterhouseCoopers AB has, as an independent valuation institute, calculated a theoretical value of the options in accordance with the Black & Scholes formula. Based on an assumed share price of SEK 0.75, an assumed exercise price of SEK 0.75, a term of 4.59 years, a riskfree interest rate of – 0.27 per cent, an assumed volatility of 55 per cent and an assumed dividend of SEK 0, the value has been calculated to approximately SEK 0.33 per option. Limitations in the disposal rights have not been taken into consideration in the valuation. The total cost for Employee Stock Option Program 2021/2025 will be distributed over the years 2021-2025. Since 1/4 of the options may vest per year, the cost will be distributed more towards the front of the four-year

*N.B. The English text is an in-house translation.*

term. Should the program had been introduced in 2019 instead, it is calculated that the effects on the key figure earnings per share for full year 2020 would have been immaterial. It shall be noted that all calculations above are preliminary, based on assumptions and are only intended to provide an illustration of what costs Employee Stock Option Program 2021/2025 may entail. Actual costs may therefore deviate from what has been stated above.

### **Preparation of the proposal**

The proposal for resolution on the implementation of Employee Stock Option Program 2021/2025 and the proposals for resolutions according to item b) and c) above, have been prepared by the Remuneration Committee and the Board of Directors together with external advisors.

### **Majority requirements**

The resolution regarding issue of warrants and approval of transfer of warrants in item b) and c) above is subject to the provisions in Chapter 16 of the Swedish Companies Act, and a valid resolution hence requires that the proposal is supported by shareholders with at least nine-tenth of both the votes cast and the shares represented at the meeting.

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Lund in April 2021

**Abliva AB (publ)**

*The Board of Directors*