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PROPOSAL FOR RESOLUTION ON:

A. EMPLOYEE OPTION PROGRAM; AND

B. DIRECTED ISSUE OF WARRANTS AS WELL AS APPROVAL OF TRANSFER OF WARRANTS

The board of directors of Alligator Bioscience AB (publ), Reg. No. 556597-8201 (the "Company"), proposes that the annual shareholders' meeting of 26 April 2018 resolves to implement an employee option program for employees in the Company (the "Employee Option Program 2018/2022") in accordance with Section A below.

In order to secure the Company's obligations under the Employee Option Program 2018/2022, the board of directors also proposes that the annual shareholders' meeting resolves on a directed issue of warrants, as well as an approval of transfer of warrants in accordance with Section B below.

A. THE BOARD OF DIRECTORS PROPOSAL FOR IMPLEMENTATION OF THE EMPLOYEE OPTION PROGRAM 2018/2022

The board of directors proposes that the annual shareholders' meeting resolves to implement the Employee Option Program 2018/2022 in accordance with the following substantial guidelines:

1. The Employee Option Program 2018/2022 shall consist of a maximum of 2,300,000 employee options.
2. Each employee option confers the holder a right to acquire one new share in the Company against cash consideration at a utilization price of SEK 75. The utilization price and the number of shares that each employee option confers right to may be subject to recalculation in the event of a bonus issue, split, rights issue etc., wherein the recalculation terms in the complete terms and conditions of the warrants shall be applied.
3. The Employee Option Program 2018/2022 shall be offered to employees who are employed by the Company as of 1 May 2018. The offer shall be submitted in accordance with the following guidelines:

(a) CEO	a maximum of 250,000 employee options
(b) Other senior executives (5 individuals)	a maximum of 150,000 employee options per individual
(c) Other employees (approximately 45 individuals)	a maximum of 50,000 employee options per individual
4. Notice of participation in the Employee Option Program 2018/2022 shall have been received by the Company on 15 May 2018 at the latest, and the board of directors shall be entitled to prolong this time period. The allotment of employee options to participants shall be made promptly after the expiration of the notification period.
5. The allotted employee options will be vested over a three-year period in accordance with the following:

- (a) 25 percent of the allotted employee options will be vested on 1 May 2019;
- (b) 25 percent of the allotted employee options will be vested on 1 May 2020; and
- (c) 50 percent of the allotted employee options will be vested on 1 May 2021.

Vesting requires that the participant is still employed by the Company and that the employee has not terminated the employment as of the date when the relevant vesting occurs. If a participant ceases to be employed or terminates the employment before a vesting date, the already vested employee options can be utilized on the ordinary date of utilization in accordance with the below, but further vesting will not take place. However, if the employee's employment expires due to termination by the Company, also vested options will expire.

- 6. The employee options shall not constitute securities and shall not be able to be transferred or pledged. However, in the event of death, the rights constituted by the employee options shall accrue to the beneficiaries of the holder of the employee options.
- 7. The employee options shall be allotted without consideration.
- 8. The holders can utilize allotted and vested employee options during 30 days from the day following after the announcement of the Company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the first quarter of 2021 and the last time after the announcement of the quarterly report for the first quarter of 2022. If the Company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested employee options may instead be exercised during the last month of the following calendar quarter, the first time in June 2021 and the last time in June 2022.
- 9. Participation in the Employee Option Program 2018/2022 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 employee options shall be governed by separate agreements with each participant. The board of directors shall be responsible for the preparation and management of the Employee Option Program 2018/2022 within the above mentioned substantial terms.

B. THE BOARD OF DIRECTORS PROPOSAL FOR RESOLUTION ON DIRECTED ISSUE OF WARRANTS AS WELL AS APPROVAL OF TRANSFER OF WARRANTS

In order to enable the Company's delivery of shares under the Employee Option Program 2018/2022 as well as to hedge ancillary costs, primarily social security contributions, the board of directors proposes that the annual shareholders' meeting resolves on a directed issue of warrants as well as an approval of transfer of warrants. The board of directors therefore proposes that the annual shareholders' meeting resolves on an issue of a maximum of 3,022,660 warrants on the following terms:

- 1. The warrants shall, with deviation from the shareholders' preferential rights, only be able to be subscribed for by a wholly owned subsidiary of the Company (the "Subsidiary").
- 2. Subscription shall be made on 15 July 2018 at the latest. The board of directors shall be entitled to prolong the subscription period.
- 3. Over subscription cannot occur.

4. The warrants shall be issued without consideration. The reason hereto is that the warrants shall be issued to the Subsidiary as a part of the implementation of the Employee Option Program 2018/2022.
5. The warrants and the utilization of the subscription right are subject to the terms and conditions set forth in the enclosed terms and conditions for the warrants 2018/2022; Appendix A, (the "Warrant Terms and Conditions"). The Warrant Terms and Conditions states among others:
 - (a) that each warrant confers right to subscribe for one new share in the Company against cash consideration at a subscription price of SEK 75;
 - (b) that the subscription price and the number of shares that each warrant confers right to subscribe for will be subject to customary recalculation in accordance with Clause 8 of the Warrant Terms and Conditions;
 - (c) that the subscription right may be utilized during the time period from and including the registration of the warrants with the Swedish Companies Registration Office (Sw. Bolagsverket) to and including 15 July 2022;
 - (d) that the time period for when the subscription right may be utilized may be brought forward or postponed in accordance with Clause 8 of the Warrant Terms and Conditions; and
 - (e) that the shares issued upon utilization of warrants shall confer right to dividend in accordance with Clause 7 of the Warrant Terms and Conditions.
6. In case all warrants are utilized for subscription of new shares, the share capital will increase with SEK 1,209,064.
7. The Chairman of the board of directors, or anyone appointed by him, shall be authorized to make minor formal adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (Sw. Bolagsverket) or Euroclear Sweden AB.

The board of directors further proposes that the annual shareholders' meeting resolves to approve that the Subsidiary may transfer warrants to the participants in the Employee Option Program 2018/2022 without consideration in connection with utilization of the employee options in accordance with the terms set out in section A, or in another way dispose of the warrants options in order to be able to secure the Company's commitments and costs in relation to the Employee Option Program 2018/2022.

Reasons for the employee option program and the deviation from the shareholders' preferential rights

The reasons for the implementation of the Employee Option Program 2018/2022 and the deviation from the shareholders' preferential rights are to be able to create possibilities for the Company to retain competent staff through the offering of a long term ownership engagement for the employees. Such ownership engagement is expected to stimulate the employees to an increased interest in the business and profit development and increase the feeling of connectedness with the Company.

Previous outstanding warrant programs and dilution

In case all warrants issued within the Employee Option Program 2018/2022 are utilized for subscription of new shares, a total of 3,022,660 new shares will be issued, which corresponds to a dilution of approximately 4.0 percent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of the warrants issued within the Employee Option Program 2018/2022. The key figure earnings per share before taxes for the full year 2017 had thus been changed in such way that the result per share had been changed from SEK -0.89 to SEK -0.83.

Since previously, there is one warrant program (the "Warrant Program 2016/2020") and one employee option program (the "Employee Option Program 2016/2020") outstanding in the Company. Both programs were resolved upon by the annual shareholders' meeting of 2016.

In the Warrant Program 2016/2020, a total of 857,000 warrants can be utilized for a subscription price of SEK 75 per share. In case all warrants in the program are utilized for subscription of shares, a total of 857,000 new shares will be issued, which corresponds to a dilution of approximately 1.2 percent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all warrants that can be utilized under the Warrant Program 2016/2020.

In the Employee Option Program 2016/2020, a total of 1,145,543 warrants can be utilized for a subscription price of SEK 75 per share. In case all warrants that can be utilized in the program are utilized for subscription of shares, a total of 1,145,543 new shares will be issued, which corresponds to a dilution of approximately 1.6 percent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all warrants that can be utilized under the Employee Option Program 2016/2020.

In case all outstanding warrants as well as the warrants proposed to be issued upon resolution by the annual shareholders' meeting are utilized, a total of 5,025,203 shares will be issued, which corresponds to a dilution of approximately 6.6 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all outstanding warrants and proposed warrants.

Costs

The board of directors' opinion is that Employee Option Program 2018/2022 will trigger costs in reference partly to accounting salary costs and partly to social security contributions.

Based on the assumption that 100 percent of the options in the Employee Option Program 2018/2022 will be vested, the estimated total accounting costs for the options will amount to approximately SEK 226,000 during the time period 2018-2022, based on the actual value of the options at the start of the program. The options do not have a market value since they are not transferable. However, the board of directors has calculated a theoretical value of the options in accordance with the Black Scholes formula. The calculations have been based on an assumed share price of SEK 24.25 per share and an assumed volatility of 25.47 percent. In accordance with this valuation, the value of the options in the Employee Option Program 2018/2022 is approximately SEK 0.10 per option. Limitations in the disposal rights have not been taken into consideration in the valuation.

Upon fulfilment of the vesting conditions and by utilization of the options, the Employee Option Program 2018/2022 will entail costs in form of social security contributions. The total costs for social security contributions during the vesting period will depend on the number of options that will be vested and on the value of the benefit that the participant finally will receive, i.e. on the value of the options when utilized during 2021 – 2022. When assuming that 100 percent of the options in the Employee Option Program 2018/2022 will be vested and with an assumed share price of SEK 90 when the options are utilized, the total costs for social security contributions will amount to

approximately MSEK 10.8. The Company's entire costs for social security contributions are proposed to be hedged through a directed issue of warrants in accordance with Section B above.

All calculations above are preliminary only and are only intended to provide an illustration of what costs the Employee Option Program 2018/2022 may induce. Actual costs may therefore deviate from what has been stated above.

Preparation of the proposal

The proposal of the Employee Option Program 2018/2022 has been prepared by the board of directors and the Remuneration Committee together with external consultants.

Majority requirements

The board of directors' proposal to adopt the Employee Option Program 2018/2022 in accordance with Section A, as well as the directed issue of warrants and an approval of transfer of warrants in accordance with Section B, constitutes an overall proposal which shall be resolved upon as one resolution. The resolution is subject to the provisions in Chapter 16 of the Swedish Companies Act (Sw. aktiebolagslag 2005:551)), and a valid resolution hence requires that the proposal is supported by shareholders with at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

Lund in March 2018

The board of directors for Alligator Bioscience AB (publ)