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**PROPOSAL FOR RESOLUTION ON IMPLEMENTATION OF A LONG-TERM INCENTIVE PROGRAM FOR EMPLOYEES BY WAY OF (A) IMPLEMENTATION OF A PERFORMANCE-BASED SHARE SAVING PROGRAM; (B) AMENDMENT OF THE ARTICLES OF ASSOCIATION; (C) AUTHORIZATION ON DIRECTED ISSUES OF SERIES C SHARES; (D) AUTHORIZATION ON REPURCHASE OF SERIES C SHARES; AND (E) RESOLUTION ON TRANSFER OF OWN ORDINARY SHARES**

The board of directors of Alligator Bioscience AB, Reg. No. 556597-8201 (the “**Company**”), proposes that the annual general meeting on 1 June 2021 resolves to implement a long-term incentive program in the form of a performance-based share saving program (the “**LTI 2021**”) for employees in the Company in accordance with A below. The resolution is conditional upon that the annual general meeting also resolves to amend the Articles of Association in accordance with B below whereby the possibility to issue series C shares is introduced and that the annual general meeting resolves on hedging measures in accordance with C – E below

**A. Implementation of a performance-based share saving program**

**Background**

The overall purpose with LTI 2021 is to align the interests of the employees with those of the shareholders and thus ensure a maximum long-term value adding commitment. LTI 2021 is also considered to create a long-term focus on increase in earnings and growth among the participants. LTI 2021 is further considered to facilitate for the Company to recruit and retain employees.

**Terms and conditions for LTI 2021**

1. LTI 2021 shall comprise employees in the Company.
2. LTI 2021 means that the participants will invest in ordinary shares in the Company (“**Saving Shares**”). Following a predefined time period, the participants will, free of charge, have the right to receive additional shares in the Company (“**Matching Shares**”). In addition, conditional upon fulfilment of a goal related to the development of the share price, the participants will further, free of charge, have the right to receive additional shares in the Company (“**Performance Shares**”). The conditions for receipt of Matching Shares and Performance Shares are set out below.
3. The maximum number of Saving Shares that each participant shall be entitled to invest in shall amount to the following:

<b>Position</b>	<b>Maximum number of Saving Shares per participant</b>
CEO	15,000
Other members of the executive management team	10,000

Other members of the senior management team	8,000
Department directors and senior scientists	6,000
Other employees	3,000

4. The board of directors shall, within the intervals stated above, resolve on the maximum number of Saving Shares that each individual participant in the respective category may acquire.
5. The investment in Saving Shares shall be made through acquisition of ordinary shares on the stock market on 30 September 2021 at the latest (the “**Investment Period**”). The board of directors shall be entitled to prolong the Investment Period in case participants have been unable to acquire shares due to applicable insider regulations.
6. For each Saving Share, the participant shall be entitled to receive 1 Matching Share. In addition, for each Saving Share, the participant shall have the possibility to receive up to 4 Performance Shares for each Saving Share.
7. The total number of Matching Shares will not exceed 175,500 and the total number of Performance Shares will not exceed 702,000, meaning that the total number of shares that can be issued to the participants in connection with LTI 2021 will not exceed 877,500. The number of shares that can be issued in connection with LTI 2021 might be recalculated in accordance with what is set out in Section 11 below.
8. Receipt of both Matching Shares and Performance Shares are conditional upon the fulfilment of the following conditions:
  - (a) that the participant has retained all Saving Shares during the period from the expiration of the Investment Period to 30 September 2024 (the “**Saving Period**”); and
  - (b) that the participant has continued to be employed by the Company (or another company in its group) throughout the Saving Period.

As regards the employment condition as per (b) above, customary “good leaver” provisions shall apply as set out in Section 14 below.

9. Receipt of Performance Shares is further, in addition to the conditions pursuant to Section 8 above, conditional upon that the requirement related to the development of the Company’s share price from the date of the annual general meeting 2021 up to and including 30 September 2024 (the “**Performance Target**”) is fulfilled. The development of the Company’s share price will be based on the volume weighted average share price 30 trading days immediately after the annual general meeting 2021 and 30 trading days immediately before 30 September 2024. In the event of an increase in the share price by less than 200 per cent, no Performance Shares are vested, in the event of an increase in the share price by or exceeding 200 per cent, 1 Performance Share per Saving Share is vested, in the event of an increase in the share price by or exceeding 500 per cent, 2 Performance Shares per Saving Share are vested, and in the event of an increase in the share price by or exceeding 900 per cent, 4 Performance Shares per Saving Share are vested. There will be no proportional vesting of Performance Shares in the event of an increase in the share price between the

specified levels but additional Performance Shares will be received only if the next target level is met or exceeded.

10. Before the number of Performance Shares to be allocated is finally determined, the board of directors shall evaluate if allocation pursuant to the principles set out above is reasonable, having regard to the Company's results and financial standing, to conditions on the stock market and to other circumstances in general. If the board of directors finds that it is not reasonable, then the board of directors may decrease the number of Performance Shares to be allocated to the lower number of shares that the board of directors finds reasonable.
11. The number of Matching Shares and Performance Shares that may be allotted by virtue of Saving Shares shall be subject to recalculation in consequence of a bonus issue, split or reverse split, rights issue, and/or other similar company actions.
12. Allotment of Matching Shares and Performance Shares shall take place within 60 days after 30 September 2024. However, the board of directors shall be entitled to postpone the allotment if allotment to the participants, due to applicable insider regulations, cannot be made during this period.
13. Participation in LTI 2021 is conditional upon that the participation is legally possible and that the participation in the Company's sole opinion can be made with reasonable administrative costs for the Company.
14. LTI 2021 shall be governed by separate agreements with the respective participant. The board of directors shall be responsible for the preparation and management of LTI 2021 within the above mentioned principal terms and guidelines. In connection herewith, the board of directors shall be entitled to resolve on terms for the allocation of Matching Shares and Performance Shares in connection with cessation of employment during the Saving Period due to death, early retirement or similar occasions or due to termination by the Company that is not related to misconduct by the participants. In these cases the participant shall be entitled to receive Matching Shares and the board of directors shall also be able to resolve that the participant shall be entitled to receive a proportionate part of the Performance Shares. Furthermore, in the event of a public take-over offer, a sale of the Company's business, liquidation, merger or any other such transaction affecting the Company, the board of directors shall, at its sole discretion, be entitled to resolve that the Matching Shares and Performance Shares (partially or in full) shall vest and be allotted on completion of such transaction. The board of directors will make this resolution based on the level of achievement of the Performance Target, the remainder of the Saving Period and any other factors deemed relevant by the board of directors.

## **B. Amendment of the Articles of Association**

In order to enable the issuance of series C shares under LTI 2021, the board of directors proposes that the annual general meeting resolves to incorporate a new § 6 in the Company's Articles of Association in accordance with the following wording. Following the incorporation of the new section in the Articles of Association, the already existing shares shall be ordinary shares.

### *§ 6 Share classes*

*Shares may be issued in two classes, ordinary shares and series C shares. The ordinary shares shall carry one vote per share and series C shares shall carry one-tenth of a vote per share. Shares of either share class may be issued up to an amount corresponding to the full share capital.*

*Series C shares do not entitle to dividends. Upon the dissolution of the Company, series C shares shall carry equivalent right to the Company's assets as other shares, however, not to an amount exceeding the quota value of the share.*

*If the Company resolves to issue new ordinary shares and series C shares, against payment other than contribution in kind, owners of ordinary shares and series C shares shall have pre-emption rights to subscribe for new shares of the same class pro rata to the number of shares previously held by them (primary pre-emption right). Shares which are not subscribed for pursuant to the primary pre-emption rights shall be offered to all shareholders for subscription (secondary pre-emption right). If the shares thus offered are not sufficient for the subscription pursuant to the secondary pre-emption rights, the shares shall be allocated between the subscribers pro rata to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.*

*If the Company resolves to issue new shares of either solely ordinary shares or series C shares, against payment other than contribution in kind, all shareholders shall, irrespective of whether their shares are ordinary shares or series C shares, have pre-emption rights to subscribe for new shares pro rata to the number of shares previously held by them.*

*What is set out above with regard to pre-emption rights shall apply mutatis mutandis in the event of issues of warrants and convertible bonds, and shall not limit the right to resolve upon an issue with deviation from the shareholders' pre-emption rights.*

*In the event of a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class previously issued. In connection therewith, the owners of existing shares of a certain class shall entitle the holder to new shares of the same class. This shall not entail any restrictions on the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendments of the Articles of Association.*

*Reduction of share capital, which in any case shall not fall below the minimum share capital, may, at the request of a holder of a series C share and after resolution by the Company's board of directors or a shareholders' meeting, take place through redemption of series C shares. A request from a shareholder must be submitted in writing. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the Company's reserve fund, if the required funds are available. The redemption amount per series C share shall be the quota value of such share.*

*Following receipt of the redemption resolution, holders of shares subject to redemption shall promptly receive payment for the shares, or, if authorization for the redemption from the Swedish Companies Registration Office (Sw. Bolagsverket) or a court is required, following the receipt of notice that the final and effected resolution has been registered.*

*Series C shares held by the Company may, upon resolution of the board of directors be reclassified into ordinary shares. Immediately thereafter, the board of directors shall register the reclassification with the Swedish Companies Registration Office. The reclassification is effected when it has been registered and the reclassification has been reflected in the central securities depository register.*

As a result of the incorporation of the new section, the existing sections 6 – 10 of the Articles of Association will be renumbered. Following the amendments, the Articles of Association will have the wording set out in **Appendix A**.

**C. Authorization on directed issues of series C shares**

The board of directors proposes that the annual general meeting resolves to authorize the board of directors, for the period up until the next annual general meeting, on one or several occasions, to issue a maximum of 1,153,211 series C shares. The new shares may, with deviation from the shareholders' preferential rights, only be subscribed for by a bank or a securities company at a subscription price which corresponds to the quota value of the shares. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights in connection with an issue of shares is to secure delivery of Matching Shares and Performance Shares under LTI 2021 and, in terms of liquidity, to hedge payments of future social security contributions related to LTI 2021. It is noted that this shall be achieved through the Company repurchasing the series C shares issued pursuant to the authorization in section D below whereafter the repurchased series C shares will be converted to ordinary shares and transferred in accordance with section E below.

#### **D. Authorization on repurchase of series C shares**

The board of directors proposes that the annual general meeting resolves to authorize the board of directors, for the period up until the next annual general meeting, on one or several occasions, to repurchase its own series C shares. Repurchase may only be effected through a public offer directed to all holders of series C shares and shall comprise all outstanding series C shares. Repurchase may also be made of so-called interim shares, by Euroclear Sweden AB designated as a Paid Subscribed Share (*Sw. Betald Tecknad Aktie (BTA)*), regarding a series C share. Repurchase shall be made at a purchase price per share which corresponds to the quota value of the share. The purpose of the proposed repurchase authorization is to secure delivery of Matching Shares and Performance Shares under LTI 2021 and, in terms of liquidity, to hedge payments of future social security contributions related to LTI 2021.

The board of directors' statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act (*Sw. aktiebolagslagen*) is presented in a separate document provided with this proposal.

#### **E. Resolution on transfer of ordinary shares**

In order to fulfil the Company's obligations towards participants in LTI 2021, the board of directors proposes that the annual general meeting resolves that the Company shall be entitled to transfer the Company's own ordinary shares as follows:

1. The Company shall have the right to transfer the number of ordinary shares that the Company has a maximum obligation to allocate as Matching Shares and Performance Shares to participants in LTI 2021, at most 877,500 shares.
2. The number of shares that may be transferred pursuant to LTI 2021 shall be subject to recalculation in consequence of a bonus issue, split or reverse split, rights issue, and/or other similar corporate action which affects the number of shares in the Company.
3. The right to acquire ordinary shares shall, with deviation from the shareholders' preferential rights, vest in participants in LTI 2021 who are entitled to be allotted Matching Shares and Performance Shares in accordance with the terms and conditions of the program.
4. Transfer of shares to participants in LTI 2021 shall be made free of charge and be executed at the relevant time specified in the terms and conditions for LTI 2021.

The reason for the deviation from the shareholders' preferential rights in connection with the transfers of own ordinary shares is to enable the Company's delivery of Matching Shares and Performance Shares to participants in LTI 2021.

Since LTI 2021 is not expected to initially give rise to any costs for social security contributions for the Company (and since a resolution on transfer is valid only until the next annual general meeting), the board of directors has decided not to propose that the annual general meeting 2021 resolves on an authorization for the board of directors to transfer the Company's own ordinary shares on a regulated market for hedging of cash flow for social security payments. However, before any transfers of shares to participants in LTI 2021 are made, the board of directors intends to propose to a later general meeting to resolve on an authorization for the board of directors to transfer own ordinary shares on a regulated market in order to hedge such payments.

### **Costs, impact on key ratios, existing incentive programs and dilution**

The board of directors has made a preliminary cost calculation for LTI 2021. The costs for LTI 2021, which are reported in the income statement, are calculated according to the auditing standard IFRS 2, and are accrued over the vesting period which runs until 30 September 2024. The calculation has been made *inter alia* on the basis of a so-called Monte Carlo simulation that has been based on the quoted closing price for shares in the Company as per 21 April 2021, i.e. SEK 5.70 per share, and with the following assumptions: (i) all participants acquire the maximum number of Saving Shares; (ii) an annual dividend yield of 0 per cent; (iii) an estimated annual employee turnover of 0 per cent; (iv) a volatility of 45 per cent; (v) a risk-free interest rate of -0.26 per cent; and (vi) that in total a maximum of 877,500 Matching Shares and Performance Shares may be allocated. Based on these assumptions, the total costs for LTI 2021 are, according to IFRS 2, estimated to amount to approximately SEK 1.1 million, excluding social security contributions. The costs for social security contributions are estimated to amount to approximately SEK 0.6 million, based on the above assumptions, and under the assumption of a share price increase of 100 per cent during the duration of LTI 2021 and an average tax rate of 31.42 per cent for social security contributions. Based on the same assumptions, but assuming a share price increase of 900 per cent during the duration of LTI 2021 and an average tax rate of 31.42 per cent for social security contributions, the costs for social security contributions would amount to approximately SEK 15.7 million.

The anticipated annual costs of approximately SEK 0.6 million, including social security contributions (assuming a share price increase of 100 per cent during the duration of LTI 2021), respectively SEK 5.6 million, including social security contributions (assuming a share price increase of 900 per cent during the duration of LTI 2021), correspond to approximately 1.1 per cent, respectively 10.1 per cent of the Company's total employee costs for the financial year 2020. Based on the calculation of costs as described above, the key figure earnings per share for the full year 2020 had been changed from SEK -2.01 to SEK -2.02, respectively SEK -2.09. It should be noted the calculations are based on the assumptions stated above and are only intended to provide an illustration of the outcome.

As per the date of the notice, the number of shares in the Company amounts to 85,666,338. The maximum number of shares that can be issued in relation to LTI 2021 is 1,153,211, whereof 877,500 for delivery of Matching Shares and Performance Shares to the participants and in the aggregate 275,711 related to hedging of cash flow for social security contributions, which corresponds to a dilution of approximately 1.3 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 issuance of shares in connection with LTI 2021.

There is currently one outstanding incentive program in the Company in the form of one employee option program resolved upon by the annual general meeting 2018. The program expires in May/June 2022. For a description of the outstanding incentive program, see page 90 in the Annual Report for 2020.

In light of that the exercise price in the outstanding program (after recalculation following the directed share issue carried out earlier this year) amounts to SEK 73.01 per share, which by far exceeds the current share price, the board of directors considers it less likely that the program will lead to any actual dilution. However, in case all warrants issued in connection with the existing incentive program and which still can be exercised (including the warrants issued to hedge payments of future social security contributions, in terms of liquidity), are exercised for subscription of shares, a total of 2,412,837 new shares would be issued.

In case both the existing employee option program and the proposed LTI 2021 are exercised in full, a total of 3,566,048 new shares will be issued, which corresponds to a total dilution of approximately 4.0 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 exercise of the outstanding incentive program as well as the proposed incentive program. However and as stated above, the board of directors considers it less likely that the existing employee option program will lead to any actual dilution.

### **Preparation of the proposal**

The proposal for LTI 2021 has been prepared by the Remuneration Committee together with external consultants. The final proposal has been resolved upon by the board of directors.

### **Majority requirement**

The board of directors' proposal on implementation of a long-term incentive program in accordance with Sections A to E above 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 representing at least nine-tenths of the votes cast as well as of all shares represented at the annual general meeting.

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.

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Lund in April 2021

The board of directors of Alligator Bioscience AB (publ)

## **ARTICLES OF ASSOCIATION**

### **§ 1 Company name**

The Company name is Alligator Bioscience AB. The Company is a public limited liability company (publ).

### **§ 2 Registered office of the board of directors**

The registered office of the board of directors shall be in the municipality of Lund, county of Skåne.

### **§ 3 Business activity**

The Company's field of activity shall be to, directly or through subsidiaries or other associated companies, conduct research and development work and manufacturing and trade within the field of protein chemistry and to conduct other business compatible therewith.

### **§ 4 Share capital**

The share capital of the Company shall be no less than SEK 23,600,000 and no more than SEK 94,400,000.

### **§ 5 Number of shares**

The number of shares shall not be less than 59,000,000 and shall not exceed 236,000,000.

### **§ 6 Share classes**

Shares may be issued in two classes, ordinary shares and series C shares. The ordinary shares shall carry one vote per share and series C shares shall carry one-tenth of a vote per share. Shares of either share class may be issued up to an amount corresponding to the full share capital.

Series C shares do not entitle to dividends. Upon the dissolution of the Company, series C shares shall carry equivalent right to the Company's assets as other shares, however, not to an amount exceeding the quota value of the share.

If the Company resolves to issue new ordinary shares and series C shares, against payment other than contribution in kind, owners of ordinary shares and series C shares shall have pre-emption rights to subscribe for new shares of the same class pro rata to the number of shares previously held by them (primary pre-emption right). Shares which are not subscribed for pursuant to the primary pre-emption rights shall be offered to all shareholders for subscription (secondary pre-emption right). If the shares thus offered are not sufficient for the subscription pursuant to the secondary pre-emption rights, the shares shall be allocated between the subscribers pro rata to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.

If the Company resolves to issue new shares of either solely ordinary shares or series C shares, against payment other than contribution in kind, all shareholders shall, irrespective of whether their shares are ordinary shares or series C shares, have pre-emption rights to subscribe for new shares pro rata to the number of shares previously held by them.

What is set out above with regard to pre-emption rights shall apply mutatis mutandis in the event of issues of warrants and convertible bonds, and shall not limit the right to resolve upon an issue with deviation from the shareholders' pre-emption rights.



In the event of a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class previously issued. In connection therewith, the owners of existing shares of a certain class shall entitle the holder to new shares of the same class. This shall not entail any restrictions on the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendments of the Articles of Association.

Reduction of share capital, which in any case shall not fall below the minimum share capital, may, at the request of a holder of a series C share and after resolution by the Company's board of directors or a shareholders' meeting, take place through redemption of series C shares. A request from a shareholder must be submitted in writing. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the Company's reserve fund, if the required funds are available. The redemption amount per series C share shall be the quota value of such share.

Following receipt of the redemption resolution, holders of shares subject to redemption shall promptly receive payment for the shares, or, if authorization for the redemption from the Swedish Companies Registration Office (*Sw. Bolagsverket*) or a court is required, following the receipt of notice that the final and effected resolution has been registered.

Series C shares held by the Company may, upon resolution of the board of directors be reclassified into ordinary shares. Immediately thereafter, the board of directors shall register the reclassification with the Swedish Companies Registration Office. The reclassification is effected when it has been registered and the reclassification has been reflected in the central securities depository register.

## **§ 7 Board of directors**

The board shall, in addition to the members that pursuant to law can be elected by other than the shareholders' meeting, consist of at least three (3) and not more than eight (8) members.

The company shall have at least one (1) and not more than two (2) auditors with up to two (2) deputy auditors. An authorized auditor or a registered audit company shall be appointed as auditor.

## **§ 8 Notice**

Notice of a general meeting shall be given by announcement in the Swedish Official Gazette (*Sw. Post- och Inrikes Tidningar*) and by keeping the notice available at the Company's website. Announcement that notice has been given shall at the same time be given in *Dagens Industri*.

In order to be entitled to participate in the meeting, shareholders shall notify the Company accordingly on the day specified in the notice. This day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than on the fifth business day before the meeting.

A shareholder may bring one or two advisors to the general meeting and only if the shareholder has notified the Company of the number of such advisors in accordance with the provisions of the previous paragraph.

## **§ 9 Annual general meeting**

The following matters shall be addressed at the annual general meeting:

1. Election of a chairman of the meeting.
2. Preparation and approval of the voting register.
3. Election of two persons to verify the minutes.
4. Approval of the agenda.
5. Determination as to whether the meeting has been duly convened.
6. Presentation of the annual report and the auditor's report and, if applicable, the consolidated annual report and the auditor's report on the consolidated annual report.
7. Resolution in respect of:
  - a) the adoption of the profit and loss statement and the balance sheet and, if applicable, the consolidated profit and loss statement and the consolidated balance sheet;
  - b) the allocation of the company's profits or losses as set forth in the adopted balance sheet; and
  - c) discharge from liability for the board members and the managing director.
8. Determination of the number of board members and auditors and deputy auditors.
9. Determination of fees for the board of directors and fees for the auditors.
10. Election of board of directors, auditors and deputy auditors.
11. Any other matter which rests with the general meeting in accordance with the Swedish Companies Act or the company's articles of association.

## **§ 10 Financial year**

The financial year shall be calendar year.

## **§ 11 Record day provision**

The Company's shares shall be registered in a record day register pursuant to the Swedish Central Securities Depositories and Financial Instruments Act (SFS 1998:1479).

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