

**PROPOSAL TO RESOLUTION ON DIRECTED ISSUE OF WARRANTS AND APPROVAL OF TRANSFER OF WARRANTS**

The board of directors of Alligator Bioscience AB, Reg. no. 556597-8201 (the “Company”), proposes that the annual shareholders’ meeting of 20 April 2016 resolves to adopt a program with warrants for employees in the Company (the “Warrant Program 2016/2020”) with a maximum of 1,000,000 warrants to be issued with the right to subscribe for new shares in the Company on the following terms:

1. With deviation from the shareholders’ preferential rights, the warrants may only be subscribed for by a wholly owned subsidiary of the Company (the “Subsidiary”). The reason for the deviation from the shareholders’ preferential rights is that the warrants shall be used under the Warrant Program 2016/2020.
2. Subscription by the Subsidiary shall be made at the latest on 13 May 2016, provided that the board of directors shall be entitled to prolong the subscription period.
3. Over subscription cannot occur.
4. The warrants shall be issued to the Subsidiary against cash consideration corresponding to the market value of the warrants calculated in accordance with the “Black Scholes”-formula and customary assumptions on i.a. volatility and risk-free interest rate. The calculation of the market value of the warrants should be made by an independent valuer in connection with the annual shareholders’ meeting. Payment shall take place at the latest on 13 May 2016, provided that the board of directors shall be entitled to postpone the payment period.
5. The Subsidiary shall have the right, on one or several occasions, to transfer the warrants to employees in the Company in accordance with the terms and guidelines set forth below.
6. Transfer from the Subsidiary to participants in the Warrant Program 2016/2020 in accordance with Section 5 above shall be made against cash consideration corresponding to the market value of the warrant calculated in accordance with Section 4 above.
7. 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 2016/2020 I In; 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 per share;
  - (b) that the subscription price and the number of shares that each warrant confers right to subscribe for should 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 periods from and including 1 June 2019 to and including 31 August 2019 and from and including 1 March 2020 to and including 31 May 2020;
  - (d) that the period 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 a warrant shall confer right to dividend in accordance with Clause 7 of the Warrant Terms and Conditions.
8. In case all warrants are utilized for subscription of new shares, the share capital will increase with SEK 400,000.
  9. 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.
  10. The board of directors of the Company shall be entitled to resolve on transfer of warrants from the Subsidiary to employees in the Company. Right to participate in the Warrant Program 2016/2020 shall accrue to employees of the Company as of 20 April 2016. The warrants shall be transferred in accordance with the following guidelines:
 

(a) CEO	at maximum 300,000 warrants
(b) Other senior executives	at maximum 150,000 warrants per individual
(c) Other employees	at maximum 50,000 warrants per individual
  11. A participant may subscribe for a lower number of warrants than stated above. Over subscription cannot occur. Warrants not allotted as described above shall be able to be reserved for future recruitment of employees of the Company, in which case the above guidelines for allotment shall be applicable. Upon such allotment, a new calculation of the warrants market value, to be paid by the participants, shall be made.
  12. Notice of participation in the Warrant Program 2016/2020 shall have been received by the Company at the latest on 3 May 2016, provided that the board of directors shall be entitled to prolong this time period and to apply a different notification period for participants that have been employed in the Company at a later time. Transfer to participants shall be made promptly after the expiration of the notification period.
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### **Reasons for the warrant program and the deviation from the shareholders' preferential rights**

The reasons for the implementation of the Warrant Program 2016/2020 and the deviation from the shareholders' preferential rights are to be able to create possibilities for the Company to retain competent personnel 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 within the Warrant Program 2016/2020 are utilized for subscription of shares, a total of 1,000,000 new shares will be issued, which corresponds to a dilution of approximately 1.7 per cent of the Company's share capital and votes after full dilution, calculated based on the number of shares that will be added upon full utilization of the Warrant Program 2016/2020.

Since previously, there is one warrant program outstanding which was resolved upon by the extraordinary shareholders' meeting of 5 November 2013. In that warrant program there are a total of 1,605,000 outstanding warrants. Each warrant confers right to the holder of the warrant to subscribe for one new share in the Company at a subscription price of SEK 9 during the time period from 1 April 2014 to and including 31 March 2017. In case all warrants are utilized for subscription, a total of 1,605,000 new shares will be issued.

In addition to the Warrant Program 2016/2020 the board of directors proposes that the annual shareholders' meeting of 20 April 2016 also resolves to adopt a personnel option program. In connection with the personnel option program a total of 1,314,200 warrants will be issued. In case all warrants in the personnel option program are utilized for subscription, the Company will issue a total of 1,314,200 shares.

In case all warrants (outstanding as well as the now proposed for the annual shareholders' meeting of 20 April 2016 to resolve upon) are utilized, a total of 3,919,200 shares will be issued, which corresponds to a dilution of approximately 6.2 per cent of the Company's share capital and votes after full dilution, calculated based on the number of shares that will be added upon full utilization of all warrants (outstanding as well as the proposed).

### **Costs**

Since the warrants in the Warrant Program 2016/2020 will be transferred at market value, it is the Company's opinion that no social charges will be triggered for the Company in reference to the Warrant Program 2016/2020. The costs for the Warrant Program 2016/2020 will hence only consist of limited costs related to implementation and administration of the program.

### **Preparation of the proposal**

The proposal of the Warrant Program 2016/2020 has been prepared by the board of directors and its Remuneration Committee together with external consultants.

### **Majority requirements**

The board of directors' proposal to adopt the Warrant Program 2016/2020 and issue of warrants, as well as the approval of transfer of warrants, are subject to the provisions in chapter 16 of the Swedish Companies Act (*Sw. Aktiebolagslagen (2005:551)*). A valid

resolution hence requires that this proposal is supported by shareholders with at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

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Lund in March 2016

The board of directors for Alligator Bioscience AB (publ)