

## **The board of directors' of Cantargia AB (publ) proposal regarding implementation of a long term employee option program (item 14)**

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The board of directors proposes that the annual general meeting resolves to implement a long term incentive program for employees in the company (the "Employee Option Program 2021/2024" or the "Program") in accordance with the below.

The reasons for the implementation of Employee Option Program 2021/2024 are to be able to create possibilities for the company to retain competent personnel through offering a long-term incentive program. Such engagement is expected to stimulate the personnel to an increased level of interest in the business and development of the company and increase the feeling of connectedness with the company.

### **Implementation of Employee Option Program 2021/2024 (item 14a)**

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The board of directors proposes that the annual general meeting resolves to implement Employee Option Program 2021/2024 in accordance with the following substantial terms and conditions.

The Employee Option Program 2021/2024 shall consist of not more than 3,000,000 employee options.

Each employee option confers the holder a right to subscribe for one new share in the company against cash consideration at a strike price corresponding to 150 percent of the volume weighted average price of the company's share during the ten trading days preceding the date the employee options are allotted. The strike 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, share split, new issue or similar.

The employee options under the Program shall be offered to employees or consultants of the company. The size of the individual allotment will be determined by a value-based method which takes the theoretical value of the employee options into consideration. The allotment of employee options under the Program shall be made no later than the day falling three years after the annual general meeting 2021 (each such day of allotment being a "Grant Date") in accordance with the following guidelines:

- a) CEO, a maximum of 500,000 options
- b) Other senior executives (approximately 7 individuals), a maximum of 1,300,000 options, in aggregate
- c) Other employees or consultants (approximately 28 individuals), a maximum of 1,200,000 options, in aggregate

All allotted employee options shall vest on the day occurring three years after the Grant Date.

In the event of a public take-over offer, asset sale, liquidation, merger or any other such transaction affecting Cantargia, the employee options will vest in their entirety upon completion of such transaction.

Furthermore, vesting requires that the participant is still employed by or otherwise engaged with the company and that the participant has not given notice or terminated the employment or engagement as of the date when the relevant vesting occurs. If a participant ceases to be employed or gives notice or terminates the employment or engagement before the vesting date, the allotted employee options cease. However, the board shall be entitled to admit exceptions in certain situations (so-called good leaver situations, e.g. a person's employment or engagement ceases in connection with circumstances which, according to the board, motivate continued vesting. Such circumstances are e.g. employment or engagement which ceases due to retirement pension, death or lasting working

inability due to accident or disease).

The employee options shall be allotted without consideration. The employee options shall not constitute securities and shall not be able to be transferred or pledged. However, in the event of an option holder's death, the rights constituted by the employee options shall accrue to the holder's estate.

Vested employee options may be utilized during a two-year period.

Participation in the Employee Option Program 2021/2024 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.

The employee options shall be governed by separate agreements with each participant. The board shall be responsible for the preparation and management of the Employee Option Program 2021/2024 within the above mentioned substantial terms and conditions.

#### *Other information regarding Employee Option Program 2021/2024*

In case all warrants issued within the Program are utilized for subscription of new shares, a total of 3,000,000 new shares will be issued, which corresponds to a dilution of approximately 2.9 percent of the company's share capital and votes. Assuming also full utilization of the 1,900,000 warrants issued by the 2020 annual general meeting the aggregate dilution amounts to approximately 4.7 percent.

The board of directors assesses that Employee Option Program 2021/2024 will trigger costs in the form of accounting costs and social security contributions.

Based on the assumption that all options under the Program vest, the estimated total accounting costs for the options will amount to approximately MSEK 29.8 during the time period 2021-2024, 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 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 32 per share and an assumed volatility of 50 percent. In accordance with this valuation, the value of the options in the Employee Option Program 2021/2024 is approximately SEK 9.93 per option. The limitations of the disposal rights have not been taken into consideration in the valuation.

The total costs for social security contributions during the vesting period will depend on the value of the benefit that the participant finally will receive, i.e. on the value of the option upon utilization. Based on the assumption that all options under the Program vest and an assumed share price of SEK 64 at the time of utilization, the total costs for social security contributions will amount to approximately MSEK 15.1.

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

The proposal of the Employee Option Program 2021/2024 has been prepared by the board and the remuneration committee together with external consultants.

## **Directed issue and approval of transfer of warrants (item 14b)**

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In order to enable the company's delivery of shares under Employee Option Program 2021/2024, the board proposes that the annual general meeting resolves on a directed issue of warrants as well as on an approval of transfer of warrants, in accordance with the below.

1. Not more than 3,000,000 warrants shall be issued, whereby the share capital of the company shall be increased with not more than SEK 240 000.
2. The right to subscribe for the warrants shall, with deviation from the shareholders' pre-emptive rights, only fall upon the company (i.e. Cantargia AB (publ)) or a wholly-owned subsidiary of the company. The reason for the deviation from the shareholders' pre-emptive rights is the implementation of Employee Option Program 2021/2024.
3. Subscription shall be made on a subscription list no later than 1 July 2021. However, the board of directors shall be entitled to extend the subscription period.
4. The warrants shall be issued free of charge.
5. The terms and conditions for the warrants are set out in Appendix.
6. The company may, directly or indirectly, transfer warrants and/or shares to the participants in the Program without consideration in connection with utilization of the employee options in accordance with the terms conditions set out in section 14 a) above, or in another way dispose of the warrants in order to be able to secure the company's commitments and costs in relation to the Employee Option Program 2021/2024.
7. The CEO is authorized to make such minor adjustments to this resolution that may be necessary in connection with the registration of the new issue.

**Appendix**

**TERMS AND CONDITIONS OF WARRANTS IN CANTARGIA AB (PUBL)**

*[Full terms and conditions, in Swedish and English, are available in the Swedish proposal for adoption of Employee Option Program 2021/2024]*

**Equity swap agreement with a third party (item 14c)**

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Should the majority requirement for item 14b above not be met, the board proposes that the annual general meeting resolves that Employee Option Program 2021/2024 shall instead be hedged so that the company can enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer shares of Cantargia to the participants.

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