

## DECISION DATA OF 2021 ANNUAL GENERAL MEETING OF SENZAGEN AB (Publ)

### Proposed resolutions

#### **Item 1: Election of AGM chairman**

The Nomination Committee proposes that Board Chairman Carl Borrebaeck be elected AGM chairman.

#### **Item 7.b Resolution to appropriate the Company's profit or loss as per the adopted balance sheet**

The board proposes that all earnings at the disposal of the AGM be carried forward.

#### **Items 8–10: Setting of the number of directors, alternates och auditors; setting of directors' fees and auditor's fees; election of directors, alternates and auditors**

The Nomination Committee's proposals are as follows:

Item 8            The board shall consist of seven directors and no alternates. The number of auditors and the number of deputy auditors shall each be one.

Item 9            Directors' fees shall be SEK 200,000 (SEK 100,000) for each director elected by the AGM who is not employed by the Company and SEK 400,000 (SEK 200,000) for the board chairman, for a total amount of SEK 1,600,000 (SEK 800,000). The amounts in parentheses are the fees for 2020.

Auditor's fees shall be payable on the basis of approved invoices.

Item 10           Re-election of Carl Borrebaeck, Ian Kimber, Peter Nählstedt, Laura Chirica, Anki Malmborg Hager, Paula Zeilon and Paul Yianni as directors.

Re-election of Carl Borrebaeck as board chairman.

Information about the proposed directors can be found at [www.senzagen.com](http://www.senzagen.com).

Re-election of Authorized Public Accountant Mats-Åke Andersson as the Company's auditor, with Authorized Public Accountant Martin Gustafsson as deputy auditor.

#### **Item 11: Resolution to authorize the board to issue shares, stock options and/or convertibles**

To enable the board to raise working capital for the Company, and/or bring in new owners of strategic significance to the Company, and/or acquire other companies or businesses, the board proposes that the AGM resolve to authorize the board, for the period until the next AGM, with the shareholders' preemptive rights waived, on one or more occasions, to decide to issue new shares, stock options or convertibles. The total number of shares that may be issued or, if convertibles or



stock options are issued, added following conversion or exercise of rights under the authorization shall be limited to 20 percent of the number of shares outstanding on the date of this notice. The board shall also be entitled to resolve on whether new shares are payable in the form of cash, non-cash, offsetting, or in another manner consistent with the provisions of Chapter 2 Section 5 Paragraph 2 items 1-3 and 5 of the Swedish Companies Act.

To prevent the Company's current shareholders from being disadvantaged in relation to external investors who could subscribe for shares in the Company, the board plans, by virtue of this authorization, to set the issue price on market terms (meaning that an issue discount on market terms may be provided) for issues with the shareholders' preemptive rights waived.

As a result, the maximum number of shares that may be issued is 5,339,409, and the Company's share capital may be increased by a maximum of SEK 266,970.45.

The board, or those designated by the board, are proposed to be granted authorization to make adjustments as may be necessary in conjunction with registering the resolution with the Swedish Companies Registration Office (Bolagsverket).

**Item 12: Resolution on directed share issue of a maximum of 587,500 stock options**

The Company's board proposes that an extraordinary general meeting resolve to issue a maximum of 587,500 stock options, as a result of which the Company's share capital may increase by a maximum of SEK 29,375, with an exception for possible increases caused by recalculation in the event of share issues. The stock options will entitle the holder to subscribe for new shares in the Company.

The following rules shall apply to the directed share issue:

With the shareholders' preemptive rights waived, employees of the Company and the Group shall be entitled to subscribe for the stock options as follows:

- Members of Group Management and key personnel comprising up to nine positions will each be offered to subscribe for a maximum of 50,000 options, altogether comprising a maximum of 450,000 options.
- Other employees and consultants considered key personnel in the Group, comprising up to eleven individuals, will each be offered to subscribe for a maximum of 12,500 options, altogether comprising a maximum of 137,500 stock options.

Oversubscription cannot take place.

The stock options must be subscribed for by 26 May 2021 on a separate subscription list. The board shall be entitled to extend the subscription period but no later than until 1 November 2021.

The subscriber is entitled to subscribe for stock options free of charge. The market value of the option shall be calculated using the Black-Scholes pricing model, adjusted for barrier conditions to calculate the Company's social security expenses. The valuation of the options shall be performed by an independent valuation institute or auditing firm. A preliminary calculation based on an exercise price and barrier conditions at the time of exercising the stock options of SEK 15.94 per share results in an option value of SEK 1.97.



The stock options allotted will be offered for subscription free of charge. Such an offer to allot stock options must be provided within 10 banking days of the date a resolution to allot options has been passed.

Each stock option entitles the holder to subscribe for one new share in the Company in exchange for cash payment, provided that the barrier conditions have been met, during the period from 1 June 2024 to 30 September 2024 or the earlier date set out in the option rules. However, the stock options shall be exercisable at an earlier point in time in the event of a merger, compulsory redemption, liquidation, or similar circumstances.

Payment for shares subscribed for by exercising stock options shall be made in cash at an exercise price of 100% of the average of the listed volume-weighted price paid for each trading day as per Nasdaq First North Growth Market's official price list for shares in the Company during the period from 21 April 2021 to 4 May 2021. The exercise price established in this manner shall be rounded to the nearest whole tenth in SEK öre, with SEK 5 öre rounded down.

The stock options are subject to barrier conditions and cannot be exercised to subscribe for shares until the barrier level has been reached. The barriers are calculated as 158% and 300% of the average of the listed volume-weighted price paid for each trading day as per the Nasdaq First North Growth Market's official price list for shares in the Company during the period from 21 April 2021 to 4 May 2021. Stock options subject to barriers cannot be exercised until the volume-weighted price paid measured per trading day as per the Nasdaq First North Growth Market's official price list for shares in the Company during the share subscription period is higher than the barrier level. The barriers shall be recalculated in the same way as for the redemption price in the option rules.

New shares subscribed for by exercising stock options entitle the holder to dividends for the first time on the dividend record date most immediately following the date the new share issue was registered with the Swedish Companies Registration Office and Euroclear Sweden AB.

The purpose of the share issue and the reason for waiving shareholders' preemptive rights is to implement an option program suited for allotment to key personnel in the Company so that they can be offered the opportunity to participate in the growth in value of the Company's stock. This is expected to lead to stronger interest in the Company's growth – as well as the Company's share price performance – and stimulate continued company loyalty over the coming years.

In conjunction with the transfer of the stock options to the participants in the program, the Company reserves the right to buy back all stock options if the participant's employment is terminated or if the participant wishes to transfer the stock options to another party during the period until 31 May 2024.

The complete rules for the stock options will be kept available on the Company's premises and on the Company's website no later than two (2) weeks prior to the AGM. These rules include that the exercise price and the number of shares to which a stock option entitles the holder to subscribe for may be recalculated in certain cases.

It is proposed that the board or those designated by the board be authorized to make minor adjustments to this resolution as may be necessary in conjunction with registration with the Swedish Companies Registration Office and, if applicable, with Euroclear Sweden AB.

**Deliberation on the board's proposed 2021/2024 L series incentive program, the costs of the program, other outstanding stock-based incentive programs, dilution**



The proposed agenda item 13 has been deliberated on by the board in consultation with external advisers.

### **Valuation**

The stock options shall be subscribed free of charge, which means that social security expenses for the Group may be incurred in conjunction with subscriptions for stock options. According to a preliminary valuation based on a market value of the underlying stock of SEK 15.94, the market value of the stock option is SEK 1.97 per option with a redemption price of 15.94 per share in the 2021/2024 L series program. The Black-Scholes pricing model has been used for this valuation on the assumption of a risk-free -0.238% interest rate and 41.7% volatility and taking into account that no dividend or other transfers of value to shareholders are expected to occur during the program's term.

### **Expenses and impact on financial ratios**

Given that the stock options are issued free of charge, the Company estimates that fringe benefits and social security expenses will be incurred for the participant and the Company as a result of the option program. The total expenses, including other expenses in the form of fees to external advisers and expenses for the administration of the program, are estimated at around SEK 100,000 over the program's term and the cost of social security expenses is estimated at SEK 362,916.

The program is expected to have a marginal impact on the Company's financial ratios.

### **Dilution**

The total number of registered shares and votes at the time of this proposal is 21,357,636. The maximum dilutive effect of the 2021/2024 L series incentive program is estimated to be a maximum of approximately 2.7% of the total number of shares and votes in the Company (calculated based on the number of existing shares in the Company and taking into account other outstanding stock options), provided that all offered stock options are subscribed for and exercised.

There are earlier programs in which share subscription will not take place until June 2021, November 2022 and November 2023, totaling a maximum of 525,000 options with an exercise price of SEK 69.87, SEK 19.84 and SEK 39.68, respectively. If all previously issued warrants and warrants issued in incentive program 2021/2024, series L are exercised, the dilution may amount to a maximum of approximately 4.90 percent of the total number of shares and votes in the Company (calculated on the basis of the number of existing shares in the Company and taking into account other outstanding warrants).

### **Other outstanding stock-based incentive programs**

For disclosures on the Company's other stock-based incentive programs, please see the Company's 2020 annual report. Apart from the programs disclosed there, the Company does not have any other stock-based incentive programs.

### **Majority requirement**

Shareholders representing at least two thirds of both the votes cast and the shares represented at the AGM must vote for the resolution under item 11 for it to be deemed duly passed.

Shareholders representing at least nine tenths of both the votes cast and the shares represented at the AGM must vote for the resolution under item 12 for it to be deemed duly passed.



\* \* \* \* \*

Lund, March  
2021, the Board  
of Directors of  
**SenzaGen AB**