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## **Board of Directors' proposal for long-term incentive program for senior management and key persons**

The Board of Directors proposes that the shareholders' meeting resolve to it adopt a long-term incentive program as follows:

### **INFORMATION**

#### **Reasons for the incentive program**

The Board of Directors has concluded that it would be to the advantage of the company and its shareholders if senior management and other personnel in the Clavister group were made participatory in the company's growth by being offered the opportunity to acquire warrants in an incentive program. A personal ownership commitment by these people is expected to lead to higher motivation and an increased sense of commonality with the company and a greater interest in the business and growth in profits. In addition, personal ownership will contribute to creating an overall focus by the individual employee. The effects are strengthened by the fact that the program is being implemented on market terms and conditions where the relevant persons participate in share price increases but also take a personal risk by paying a market price for the warrants.

#### **Preparation of the matter**

The proposal to the shareholders' meeting was prepared by the Board of Directors together with external advisors.

#### **The cost of the program and valuation of the warrants**

BDO has carried out a valuation of the theoretical value of the warrants. The theoretical value of the warrants has been calculated applying the customary valuation model (Black & Scholes) in March 2018. According to this valuation, the theoretical value of each warrant is SEK 1.

Upon full participation and full subsequent subscription for shares upon exercise of the warrants, the program may entail a dilution of not more than approximately 2.9 per cent based on the number of shares in the company after the implementation of the incentive program. Given that the warrants will be issued on market terms and conditions, no future costs for employer payroll taxes are expected to be borne by the company as a consequence of the warrants. In light of this, there is no need to hedge the program. If the warrants which are proposed to be issued as set forth below had been fully exercised in 2017, the loss per share for the 2017 financial year would have been approximately SEK -2.76 per share instead of SEK -2.85 per share.

#### **Miscellaneous**

In order to receive allotment according to the incentive program, the participants must enter into a rights of first refusal agreement with Clavister AB which primarily entails that Clavister AB is entitled to repurchase the allotted warrants if the participant wishes to assign these or terminates their employment/services in the Clavister Group.

The company has four outstanding incentive programs for the company's employees. Program 2016/2019 covers 530,800 warrants with an exercise price of SEK 72 and expires on 30 June 2019; Program 2017/2020:1 covers 75,000 warrants with an exercise price of SEK 79 and expires on 28 February 2020; Program 2017/2020:2 covers 70,000 warrants with an exercise price of SEK 72 and expires on 28 February 2020; and Program 2017/2020:3 covers 300,000 warrants with an exercise price of SEK 30 and expires on 30 June 2020.

## **THE BOARD OF DIRECTORS' PROPOSAL FOR A RESOLUTION TO ISSUE WARRANTS TO A WHOLLY OWNED SUBSIDIARY AND TRANSFER OF WARRANTS TO SENIOR MANAGEMENT PERSONS**

The Board of Directors of the company proposes that the shareholders' meeting resolve to issue and transfer warrants as follows.

1. The company shall issue a maximum of 700,000 warrants where each warrant entitles the holder to subscribe for one new share in the company, as a consequence of which the company's share capital may increase by a maximum of SEK 70,000.
2. Disapplying the shareholders' preemption rights, the right to subscribe for the warrants shall vest in the wholly owned subsidiary Clavister AB for subsequent assignment to senior management and other personnel in the company or its group companies. The Board of Directors has broken down the persons entitled to subscribe into two groups.

Group 1 includes the CEO and the Group's senior management group and consists of a maximum of eight individuals. Persons entitled to subscribe in group 1 shall be able to subscribe for, and be allotted, a maximum of 50,000 warrants each.

Group 2 includes selected key persons in the company or its group companies and consists of a maximum of 20 individuals. Persons entitled to subscribe in group 2 shall be able to subscribe for, and be allotted, a maximum of 25,000 warrants each.

Although, the Board of Directors must not allot more than a total of 700,000 warrants to the persons of Group 1 and Group 2.

A condition for a participant to be entitled to acquire the warrants is that the participant, at the time of transfer, is employed by the company or one of its group companies and, at the aforementioned time, has not given notice of termination or been terminated from their employment.

In the event not all of the warrants are acquired by the persons offered to acquire them, the Board of Directors shall be entitled to offer additional warrants to persons in the above-mentioned categories, however not more than an additional 25,000 per person (i.e. a maximum total of 75,000 warrants to persons in group 1 and a maximum total of 50,000 warrants for persons in group 2).

3. The warrants will be issued without payment of any consideration to Clavister AB. Subscription shall be effected on a subscription list during the period commencing on 26 April 2018 up to and including 10 May 2018. However, the Board of Directors shall be entitled to extend the subscription period.

Clavister AB shall, in turn, offer participants in the program to acquire the warrants for a purchase price corresponding to the market value of the warrants calculated upon application of the customary valuation model (Black & Scholes) which, during the month of March 2018, corresponded to SEK 1. To enable newly hired key employees to participate in the program such

transfer may be made up until and including December 31, 2018 at which time the warrants also shall have been paid.

4. The warrants are governed by the attached terms and conditions for 2018/2021 warrants, Appendix A. The terms and conditions state, among other things, the following.
  - (a) For each warrant, the holder is entitled to subscribe for one share in exchange for payment in cash at a subscription price of SEK 36.30 per share.
  - (b) The subscription price and the number of shares which can be subscribe for on the basis of a warrant may be subject to adjustment in the event of a share split, reverse share split, securities issues, etc. in accordance with customary recalculation conditions. In accordance with customary terms and conditions, it must be possible to exercise the warrants early in the event of, and among other things, compulsory redemption of shares, liquidation, or a merger in which the company is merged into another company.
  - (c) Subscription for shares based upon warrants may take place during a period of 14 calendar days commencing on the day after the company's quarterly report for Q1 2021 has been made public, however commencing no later than 31 May 2021.

The Board of Directors submits the following as the reasons for disapplying the shareholders' preemption rights.

As reported under the heading "Reasons for the incentive program", the Board of Directors of the company has concluded that it is to the advantage of the company and its shareholders that employees of the company be made participatory in the company's growth by being offered the opportunity to acquire warrants. A personal commitment of senior management and other personnel is expected to lead to increased motivation and an increased sense of commonality with the company and an increased interest in the business and the growth in profits. In addition, a personal ownership contributes to creating an overall focus for the individual employee.

The Board of Directors, or a party designated by the Board, has the right to decide on minor changes to the General Meeting's resolution that may be necessary in connection with registration of the resolution with the Swedish Companies Registration Office or Euroclear Sweden AB, or due to other formal requirements.

The Board of Directors' proposal of a long-term incentive program for senior management and key persons is conditional on the meeting approving the Board of Directors' proposal regarding issuance of warrants to EIB.

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Örnsköldsvik, March 2018  
**Clavister Holding AB (publ)**  
*Board of Directors*