Background and rationale for the proposed incentive program 2023/2026

Hørsholm, Denmark, 25 October 2023 - With reference to Notice of Extraordinary General Meeting in ExpreS²ion Biotech Holding AB (Press release as of Monday 23 October 2023) the board of directors hereby provides further details to the background and rationale for the proposed incentive program 2023/2026.

In today's competitive business landscape, in which the demand for skilled scientists is very high, a small early-stage biotech company like ExpreS²ion needs to offer an alternative to the employment terms of larger corporations which can offer employee benefits such as job security and high fixed remuneration packages. To address this critical concern, the Board proposes a new share-based incentive plan and thus solidifies the mutual interests of our employees and shareholders.

The Board and Management have recently had to materially change the strategy of ExpreS²ion. This decision was taken based on several factors, mainly the lack of pursuing a market authorization for the COVID-19 asset by Bavarian Nordic and pausing the development of our Breast cancer vaccine project due to the rising cost of capital.

We are well underway in creating a company that can be successful by focusing on assets with shorter development timelines and higher likelihood of positive outcome in clinical trials. But the change in strategy unfortunately led us to part with talented and capable colleagues who have contributed significantly to the company over recent years. We have now created a smaller team which still has the necessary competencies to drive the new strategy forward, and it is pivotal that we retain them to ensure that the knowledge of the organization is kept and utilized going forward. This is the reason for proposing a new retention program now, and we hope that our shareholders will back our efforts and also appreciate the necessity of the program.

Here are the key aspects of our 2023/2026 incentive plan:

1. **United in Pursuit of Shared Goals**: The heart of this initiative lies in transforming our employees into co-owners, aligned with shareholders, and united in their dedication to achieving a common goal – the success of ExpreS²ion. This alignment fosters a sense of purpose and unity within our workforce.

2. **Performance-Linked Incentives**: The value of this incentive plan is intricately linked to the growth of ExpreS²ion’s share price. By associating personal success with the prosperity of the company, we encourage a culture of dedication and commitment among our talented team.

3. **Retention and Focused Excellence**: Our approach not only motivates our employees but also serves as an effective talent retention strategy. By instilling a long-term perspective, we aim for your investment to prosper over time.

4. **A Competitive Edge for ExpreS²ion**: We stand out in the market by offering an enticing incentive that appreciates when our company flourishes. This creates a powerful incentive for employees to contribute to our collective success.

5. **Minimal Dilution for Shareholders**: The dilution resulting from this proposed incentive program will be kept to a minimum, approximately 4%. This means that your existing ownership stake will maintain its value and potential for growth.

6. **Valuation**: The warrants’ fair market value is SEK 0.40 per warrant, according to a preliminary valuation based on the market value of the underlying share of SEK 1.02, assuming an exercise price of SEK 1.32 per share. The Black & Scholes valuation model has been used for the valuation. For more information, see the Notice of the EGM, published 23 October 2023.
We sincerely thank our shareholders for their trust, support, and commitment to Expres2ion's mission.

Martin Roland Jensen
Chairman of the Board

Certified Adviser
Svensk Kapitalmarknadsgranskning AB

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About Expres2ion
Expres2ion Biotechnologies ApS is a fully owned Danish subsidiary of Expres2ion Biotech Holding AB with company register number 559033-3729. Expres2ion has developed a unique technology platform, Expres2, for fast and efficient non-clinical development and production of complex proteins for new vaccines and diagnostics. Expres2 is regulatorily validated for clinical supply. The platform includes functionally modified glycosylation variants for enhanced immunogenicity and pharmacokinetics. Since 2010, the Company has produced more than 500 proteins and virus-like particles (VLPs) in collaboration with leading research institutions and companies. Expres2ion develops novel VLP based vaccines in association with AdaptVac ApS, of which Expres2ion owns 34%. For additional information, please visit www.expres2ionbio.com.