

## **NOTICE OF ANNUAL GENERAL MEETING IN BIOARCTIC AB (PUBL)**

The shareholders in BioArctic AB (publ), corporate identity number 556601-2679 ("the **Company**") are hereby summoned to the Annual General Meeting to be held on May 9, 2019, at 5 p.m., at Grant Thornton Sweden AB's offices, Sveavägen 20, Stockholm, Sweden.

### **Right to participate in the AGM**

Shareholders who wish to participate in the meeting must be recorded in the share register kept by Euroclear Sweden AB on Friday May 3, 2019 and notify the Company of their intention to participate so that the notification is received by the Company no later than Monday May 6, 2019. Notice can be made by email to [ir@bioarctic.se](mailto:ir@bioarctic.se), by telephone + 46 (0)73 531 8870 weekdays between 9 a.m. and 5 p.m., or by mail to BioArctic AB, Warfvinges väg 35, SE-112 51 Stockholm, Sweden.

The notification shall include the shareholder's name, social security number or corporate identity number, address, daytime telephone number, number of shares, details on any assistants (not more than two), and details on any deputy or proxy, if applicable. If the shareholder is represented by proxy, a power of attorney in original form (alongside with any authorization documents such as a registration certificate) must be presented to the Company before the AGM.

### **Nominee-registered shares**

To be entitled to participate in the AGM, shareholders whose shares are registered in the name of a nominee must temporarily register their shares in their own name in the share register kept by Euroclear Sweden AB. Such re-registration must be completed by Friday May 3, 2019. This means that shareholders must advise their nominees of this request well in advance of this date.

### **Proposed agenda**

1. Opening of the Annual General Meeting and election of the chairman of the meeting
2. Preparation and approval of the voting list
3. Approval of the agenda
4. Determination whether the Annual General Meeting has been duly convened
5. Election of one or two persons to approve the minutes
6. Presentation of the annual report and the auditor's report, as well as the consolidated financial statements and the auditor's report on the consolidated financial statements
7. Resolutions on:
  - a) adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet,
  - b) allocation of the Company's profit pursuant to the adopted balance sheet, and
  - c) discharge from liability for the Board members and the Chief Executive Officer.
8. Resolution on the number of Board members and the number of auditors and deputy auditors
9. Resolution on the fees to the Board members and the auditor
10. Election of Board members
11. Election of auditor
12. Resolution regarding the establishment of a Nomination Committee and guidelines for the work of the Nomination Committee

13. Resolution on guidelines for remuneration to senior executives
14. Resolution on (A) employee warrant program 2019/2028, (B) directed issue of warrants, and (C) approval of transfer
15. Closing of the Annual General Meeting

### **Main proposals for resolutions**

#### *Item 7b – Allocation of the Company's result pursuant to the adopted balance sheet*

The Board proposes to the Annual General Meeting that the profit for the year, SEK 899,721,875, is allocated with SEK 132,089,978 distributed to shareholders and residual earnings of SEK 767,631,898 carried forward. The Board's proposal amounts to a dividend of SEK 1.50 per share.

As record day for the right to dividend Monday May 13, 2019 is proposed.

#### *Item 8 – Resolution on the number of Board members and the number of auditors and deputy auditors*

The Nomination Committee proposes that the Board shall consist of eight (8) members without deputies and that the AGM appoints a registered public accounting firm as auditor of the Company.

#### *Item 9 – Resolution on the fees to the Board members and the auditor*

The Nomination Committee proposes that the Board's remuneration for the time until the next Annual General Meeting should amount to SEK 500,000 to the chairman, SEK 300,000 to the deputy chairman (a raise from SEK 250,000) and SEK 250,000 to each of the other Board members not employed by the Company (a raise from SEK 200,000).

Further, a fee amounting to SEK 100,000 should be paid to the chairman of the Audit Committee and SEK 60,000 to each other member of the Audit Committee who is not employed by the Company. Finally a fee amounting to SEK 60,000 should be paid to the chairman of the Remuneration Committee and SEK 40,000 to each other member of the Remuneration Committee who is not employed by the Company.

The Nomination Committee further proposes that the fee to the auditor shall be paid against approved current account.

#### *Item 10 – Election of Board members and deputy Board members, if any*

The Nomination Committee proposes that Wenche Rolfsen, Ivar Verner, Hans Ekelund, Pär Gellerfors, Lars Lannfelt, Mikael Smedeby and Eugen Steiner are re-elected as Board members and Ewa Björling is elected as new member. Further, the re-election of Wenche Rolfsen as Chairman of the Board and Ivar Verner as Deputy Chairman of the Board is proposed.

Ewa Björling has a background as a dentist, scientist and politician. She has a doctorate in virology, has done research work and taught at Karolinska Institutet and has been an active politician in the municipality and Parliament. Ewa Björling was trade minister between 2007 and 2014. Today she is Chairman of the Board in the Swedish Petroleum & Biofuels Institute and Board member in Essity AB and BioGaia AB, among others. Ewa Björling is independent in relation to the company and its major shareholders.

*Item 11 – Election of auditor*

The Nomination Committee proposes that the Annual General Meeting elects the registered auditing firm Grant Thornton Sweden AB to be the Company's auditor. Grant Thornton Sweden AB has proposed public authorized auditor Mia Rutenius as the auditor in charge.

*Item 12 – Resolution regarding the establishment of a Nomination Committee and guidelines for the work of the Nomination Committee*

The Nomination Committee proposes that the Annual General Meeting resolves to establish a Nomination Committee in preparation for the Annual General Meeting 2020, appointed according to the following principles:

The meeting authorizes the Chairman of the Board to contact the three largest shareholders in terms of voting power according to Euroclear Sweden AB's transcription of the share register as of September 30, 2019, each of them appointing a member of the Nomination Committee. In the event that any of the three largest shareholders does not wish to appoint a member of the Nomination Committee the fourth largest shareholders should be asked and so forth, until the Nomination Committee consists of three members. The composition of the Nomination Committee shall be announced on the Company's website no later than six months prior to the next AGM.

The term of office of the appointed Nomination Committee shall run until a new Nomination Committee has been appointed under a mandate from the next AGM.

The Nomination Committee elects its chairman. The Chairman of the Board or other Board member should not be the chairman of the Nomination Committee.

If a member leaves the Nomination Committee before its work is completed and if the Nomination Committee finds that there is a need for replacing this member, the Nomination Committee shall appoint a new member according to the principles described above, but based on Euroclear Sweden AB's transcription of the share register as soon as possible after the member vacating his post. Any change in the composition of the Nomination Committee shall immediately be announced. No fees shall be paid to the members for their work in the Nomination Committee.

The Nomination Committee shall present proposals for resolutions regarding the following issues for the Annual General Meeting 2020:

- a) Election of chairman of the meeting,
- b) Resolution on the number of board members,
- c) Resolution on the fees and other remuneration to the Board and its committees, divided between the chairman and other members,
- d) Resolution on the fees to the auditors,
- e) Election of Board members and Chairman of the Board,
- f) Election of auditors, and
- g) Proposal for principles for the composition and work of the Nomination Committee in preparation for the Annual General Meeting 2021.

*Item 13 – Resolution on guidelines for remuneration to senior executives*

The Board proposes guidelines for remuneration to senior executives with the following main content.

The Company shall offer company management market level compensation that makes it possible to recruit and retain senior executives. The compensation to the company management shall consist of fixed salary, customary employment benefits and pension. Variable remuneration can also be paid but should not exceed an amount corresponding to six month's salary.

The fixed salary shall take into account the individual's responsibilities and experience and be reviewed annually. The division between fixed salary and any variable remuneration shall be proportional to the executive's responsibility and authority. The variable remuneration shall always be limited to a predetermined maximum amount and be linked to predetermined and measurable criteria and designed to achieve greater community of interest between the executive and the Company's shareholders. The earning period or alternatively the time from entering into the agreement until a share may be acquired shall not be less than three years in share and share price related incentive programs. The terms for variable remuneration shall be designed so that the board, under particularly difficult economic circumstances, has the possibility to restrict or refuse to give out variable remuneration if this is deemed to be unreasonable and inconsistent with the Company's responsibility to the shareholders. For variable remuneration, it should be possible to restrict or refuse to pay variable remuneration if the board considers that this is justified for other reasons.

Pension terms shall be in accordance with market practice for corresponding positions and be based on defined contribution.

Fixed salary during the period of notice and severance pay shall together not exceed an amount corresponding to the fixed salary for two years.

Executives who hold a position as Board member or Deputy Board member in a Group company shall not receive a special board fee for this.

The Board is allowed to deviate from these guidelines in individual cases, should there be special reasons for doing so.

*Item 14 – Resolution on (A) employee warrant program 2019/2028, (B) directed issue of warrants, and (C) approval of transfer*

The Board proposes that the meeting decides (A) on the introduction of an employee warrant program for the Company's management, researchers and other staff, (B) on a directed issue of warrants to the Company, alternatively to a wholly owned subsidiary of the Company ("the Subsidiary") in order to ensure the Company's delivery of shares according to the employee warrant program, and (C) on approval of transfer of warrants or shares in the Company to the participants in the employee warrant program.

The Board considers that it is essential and in all shareholders' interest that the Company's management, researchers and other staff who are considered to be important for the Company's further development has a long-term interest in a good growth in value of the shares in the Company. A personal long-term ownership commitment can be expected to contribute to an increased interest in the Company's operations and result development, as well as raise the participants' motivation and sense of community with the Company and its shareholders.

The maximum dilution effect of employee warrant program 2019/2028 is estimated to be a maximum of 1.1 percent of the share capital and 0.5 percent of the votes in the Company (calculated on the number of existing shares in the Company), provided full exercise of all employee warrants.

This proposal was prepared by the Remuneration Committee and thereafter by the Board in consultation with external counsel.

#### *A. Employee warrant program 2019/2028*

The Board proposes that the AGM decides on the introduction of an employee warrant program 2019/2028 essentially on the following terms:

1. The employee warrant program 2019/2028 shall include not more than 1,000,000 warrants.
2. The employee warrants shall be assigned to program participants free of charge.
3. Each employee warrant shall entitle the holder to acquire one (1) new B-share in the Company at an exercise price corresponding to 110 percent of the volume-weighted average price of the Company's share according to Nasdaq Stockholm's price list during the period ten (10) trading days before
  - (i) June 1, 2019 for offer of warrants given until August 31, 2019, and
  - (ii) the first day of the quarter in which the offer is made for warrants offered later.
4. The subscription price can in no case be less than the quotient value.
5. Offering of employee warrants shall be decided by the Company's Board of Directors according to the following:
  - The CEO may be offered 100,000 employee warrants.
  - management and senior researchers may be offered 20,000 employee warrants per person.
  - other employees may be offered 5,000 employee warrants per person, and
  - remaining employee warrants shall be reserved for new staff.

The Board has, however, in addition to the provisions above, the right to offer individuals 50 percent more warrants than specified above after special assessment.

6. The employee warrants may be exercised for the subscription of B-shares in the Company, in accordance with the terms for the employee warrants, provided that at least 50 percent of the total number of employee warrants earned are exercised on each occasion.
  - 60 percent of the allocated employee warrants may be exercised for share subscription no earlier than three years after the participant signed the option agreement relating to the employee warrants.
  - A further 20 percent of the allocated employee warrants may be exercised for share subscription no earlier than four years after the participant signed the option agreement relating to the employee warrants.
  - The remaining 20 percent of the allocated employee warrants may be exercised for share subscription no earlier than five years after the participant signed the option agreement relating to the employee warrants.

Subscription after three and four years as described above requires approval by the Board of Directors.

7. The right to participate in the employee warrant program 2019/2028 is subject to the participant entering into an option agreement with the Company.
8. Issued employee warrants do not constitute securities and may not be transferred, pledged or otherwise disposed by the holder.

9. The warrants are tied to the participant's employment in the Company. If the employment in the Company is terminated before the warrants are exercised for share subscription, all unused employee warrants of the owner expire without right of use.
10. If a general meeting should decide on e.g. an increase or decrease of the number of outstanding shares during the term of the employee warrants, recalculation can be performed to maintain the value of the employee warrants. Decisions on recalculation shall be made by the Board of Directors of the Company.
11. The Board of Directors or a person designated by the Board shall have the right to decide on minor deviations in the program that may be needed to fulfill the program's purpose.
12. Participation in the employee warrant program 2019/2028 requires, first, that such participation may lawfully be made, secondly, that such participation according to the Company's assessment can be made with reasonable administrative costs and financial efforts.

#### *B. Directed issue of warrants to the Company or the Subsidiary*

To enable the Company's delivery of shares under the employee warrant program 2019/2028, the Board of Directors proposes that the AGM decides on a directed issue of a maximum of 1,000,000 warrants according to the following terms:

1. The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, apply to the Company or its wholly owned Subsidiary, LPB Sweden AB, Reg. No. 559035-9112. Oversubscription cannot occur.
2. The reason for the deviation from the shareholders' preferential rights is that the issue is a step in the introduction of the employee warrant program 2019/2028.
3. The warrants are issued free of charge.
4. Subscription of warrants shall be made within three weeks from the date of the issue decision. The board has the right to extend the subscription period.
5. The increase of the Company's share capital may, upon full exercise of the warrants, amount to a maximum of SEK 20,000.
6. The warrants can be exercised through the application for subscription of new B-shares during the period from registration at the Swedish Companies Registration Office up to and including May 31, 2028.
7. The subscription price for the share on exercise of the warrants is SEK 0.02. The subscription price may however not be less than the quotient value of the Company's share.
8. The Board of Directors, or a person designated by the Board, is authorized to make minor adjustments that are required for the registration and execution of the decision.

#### *C. Approval of the transfer of warrants or shares in the Company to participants in the employee warrant program 2019/2028.*

The Board proposes that the AGM resolves to authorize the Company or Subsidiary to transfer warrants or shares to participants in the employee warrant program 2019/2028, or otherwise dispose of the warrants, to ensure the Company's obligations arising from the employee warrant program 2019/2028.

#### Costs for the employee warrant program 2019/2028

The Board considers that the employee warrant program 2019/2028 at each redemption date will prompt the reporting of payroll benefits with social security costs as a result.

#### Existing incentive programs in the Company

The main owners Demban AB and Ackelsta AB have during 2017 issued call options to certain board members and senior executives of the Company, including the CEO, concerning a total of 366,795 of the main owners' B-shares. The exercise period runs until June 30, 2020. The exercise price for the options is SEK 26.67 per share. In connection with the issue of the options the option holders paid an option premium, corresponding to the market value of the option calculated according to the Black & Scholes model, to the main owners.

There are no other share-based incentive programs in the Company.

#### Majority requirement

Decisions pursuant to items (A), (B) and (C) above shall be taken as one decision and are thus conditioned by each other. A valid resolution requires approval of shareholders representing at least nine tenths of the shares and the votes represented at the AGM.

#### **Number of shares and votes**

At the time of issuing this notice the total number of shares in the Company amounts to 88,059,985; 14,399,996 of which are A-shares and 73,659,989 B-shares. The total number of votes is 217,659,949.

#### **The shareholders' right to information and provision of documents**

The shareholders are reminded of their right to request information from the Board of Directors and the Chief Executive Officer in accordance with Chapter 7 Section 32 of the Swedish Companies Act.

Accounting documents and the auditor's report, complete proposals for decisions and all other documents pursuant to the Swedish Companies Act are available at the Company's office at Warfvinges väg 35, Stockholm no later than three weeks before the meeting, i.e. no later than April 18, 2019. The documents will be sent without any charges to the shareholders who request this and state their address. The documents will also be available at the meeting.

In connection with the general meeting personal data will be treated in accordance with the Company's privacy policy, which is available at <https://www.bioarctic.se/en/privacy-policy-shareholders-3839/>

Stockholm in April 2019

**BioArctic AB (publ)**

**The Board of Directors**

*The information was submitted for publication at 5.30 p.m. CET on April 10, 2019.*