

Comprehensive proposal from Marlo Finance BV for resolution on incentive program 2022 for the board of directors and issue and transfer of warrants

Background and reasons

Marlo Finance BV (“Shareholder”) proposes that the general meeting resolves to implement a long-term incentive program for current and future members of the board of directors in the Company (“LTI 2022 Board”). The proposal has been put forward as Shareholder determines that it is in the interest of all shareholders to create even greater participation for the board of directors with regard to the group’s development. In light of the above, Shareholder proposes that the general meeting resolves to implement LTI 2022 Board in accordance with items (a)–(b) below. The resolutions under items (a)–(b) below shall be conditional upon each other and for that reason it is proposed that all resolutions are to be passed as one resolution.

Item (a) - Proposal regarding the adoption of LTI 2022 Board

LTI 2022 Board comprise one series of stock options which will be granted to current and future board members in the Company. Granting of stock options to future board members in accordance with the terms set out herein shall be subject to approval at a subsequent shareholders’ meeting in the Company.

Shareholder proposes that the general meeting resolves to issue not more than 11,250,000 warrants in order to secure delivery of shares upon exercise of stock options to participants in LTI 2022 Board. The right to subscribe for the warrants shall vest in the Company to ensure delivery of shares upon exercise of stock options. Each warrant entitles the holder to subscribe for one (1) share in the Company. The warrants shall be issued without consideration to the Company.

Below is a description of the terms and conditions for LTI 2022 Board.

Stock options with warrants as hedging arrangement

Each stock option entitles the participant to acquire one (1) share in the Company in accordance with the following terms and conditions:

- The stock options will be granted without consideration.
- Stock options are granted to board members of the Company.
- There are no defined performance conditions that need to be fulfilled in order to be granted stock options. However, the stock options are subject to both performance and time-based vesting requirements as set out below.
- Provided that the holder’s engagement as a board member with the Company has not been terminated as of the vesting date, and that the applicable Performance Condition (defined below) has been satisfied as of the vesting date, all stock options will vest on the third (3) anniversary from the date of grant. Customary leaver rules will apply, whereby, for instance, the total number of shares subject to vesting as well as the Performance Requirements will be prorated in case the participant, not being a bad leaver, is not engaged as board member during the whole vesting period.
- In order for the stock options to vest, the Company’s (i) consolidated adjusted EBITDA per share and (ii) consolidated adjusted net revenue must, during a measurement period of in total twelve (12) calendar quarters, divided into three (3) sub-periods of four (4) calendar quarters each, have increased by an average of a certain minimum percentage point where the change is measured as the relative change in consolidated adjusted EBITDA per share and consolidated adjusted net revenue compared to the consolidated adjusted EBITDA per share and the consolidated adjusted net revenue during the four (4) calendar quarters immediately preceding the sub-period in question (the “Performance Condition”). Notwithstanding the above, should the Performance Condition applicable to the last sub-period referred to above be met, full vesting of all stock options shall occur, provided that the participant’s engagement as a board member has not ended before the end of the vesting date (“Comeback Vesting”). The Performance Condition will be applicable from the calendar quarter

ongoing at the date of grant and end on the last day of the calendar quarter immediately preceding the vesting date.

- Subject to Comeback Vesting, if the Performance Condition is not satisfied on the vesting date, the stock options will remain unvested and will immediately be deemed forfeited without consideration.
- Each stock option entitles the holder to acquire one (1) share in the Company at an exercise price corresponding to 150 per cent of the volume-weighted average price for the Company's share on Nasdaq First North during the period from and including 11 May 2022 up to and including 25 May 2022. However, the exercise price may not be less than the share's quota value (currently EUR 0.000262). Day without price quotation shall not be included in the calculation.
- Upon vesting, unless the participant's engagement as a board member ends sooner, stock options remain exercisable for a period of three (3) years and two (2) months (i.e. in total 38 months) from the date of grant.

Recalculation due to split, consolidation, new share issue etc.

The exercise price for stock options determined as set out above, shall be rounded to the nearest EUR 0.0001 whereby EUR 0.00005 shall be rounded upwards. The exercise price and the number of shares that stock option entitles to subscription of shall be recalculated in the event of a split, consolidation, new share issue etc. in accordance with customary re-calculation terms.

Allocation of stock options

The following allocation principles apply to the grant of stock options to board members.

	Maximum number of stock options per participant	Total number of stock options within the category
Current board members (five people)	1,250,000	6,250,000
Potential future board members (maximum four people)	1,250,000	5,000,000
TOTAL		11,250,000

Item (b) - Proposal regarding issue of warrants

Shareholder proposes that the Company shall issue not more than 11,250,000 warrants, whereby the Company's share capital may be increased by not more than EUR 2,947.500 at full exercise of the warrants for subscription of shares.

The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, only vest in the Company, with the right and obligation to dispose of the warrants as described further above. Each warrant entitles the holder to subscribe for one (1) share in the Company during the period from and including the date when the warrants have been registered with the Swedish Companies Registration Office (Sw. Bolagsverket) up to and including 31 March 2026, at an exercise price equal to the shares' quota value (currently EUR 0.000262). The warrants shall be issued to the Company without consideration.

In order to fulfil the commitments arising from LTI 2022 Board, Shareholder proposes that the general meeting authorizes that the Company may assign warrants to a third party, or in another way dispose over the warrants, in accordance with the above.

Detailed resolution proposal for the issue of warrants, including complete terms and conditions for the warrants, are set out in [Appendix A](#) (including sub-appendices).

Costs

The stock options are expected to incur accounting costs (accounted for in accordance with the accounting standard IFRS 2) as well as social security costs during the term of the stock options. According to IFRS 2, the stock option costs shall be recorded as a personnel expense in the income statement during the vesting period. The total costs for stock options, calculated in accordance with IFRS 2, are estimated to amount to approximately EUR 0.04m during the term of the program (excluding social security costs). The estimated costs have been calculated based on, inter alia, the following assumptions: (i) a market price of the Company's share of EUR 0.022 at the time of grant, (ii) an estimated future volatility in respect of the Company's share during the term of the stock options of 40 per cent, (iii) that the maximum number of stock options encompassed by this resolution proposal are granted to participants and (iv) that all granted stock options will vest and be exercised. Social security costs, which are expected to arise primarily in connection to the exercise of stock options, are estimated to amount to approximately EUR 0.01m during the term of the program, based on inter alia the assumptions set out under items (i)–(iv) above as well as an average social security rate of 15.48 per cent and an annual increase in the market price of the Company's share of 20 per cent during the vesting period.

Other costs related to the LTI 2022 Board, including inter alia expenses related to fees to external advisors, external appraiser and administration of the incentive program, are estimated to amount to approximately EUR 15k during the term of the program.

Dilution

Upon exercise of all stock options within LTI 2022 Board, up to 11,250,000 new shares (with reservation for any re-calculation) may be issued, equivalent to a maximum dilution of approximately 1.56 per cent of the shares and votes of the Company as of the day of this proposal and a maximum dilution of approximately 1.04 per cent of the shares and votes of the Company taking into account the maximum of 361,911,829 new shares that can be issued upon full exercise of 361,911,829 warrants (TO1) that the Company issued in 2021, with exercise period July / August 2022.

Preparation of the proposal

This proposal in respect of LTI 2022 Board has been prepared by Shareholder in consultation with external advisers. The Company has been involved, together with external advisers, in the determination of the cost estimations for LTI 2022 Board.

The reason for the deviation from the shareholders' preferential rights

The reason for the deviation from the shareholders' preferential rights is to implement LTI 2022 Board.

Majority requirement

A resolution to approve the present proposal is valid only when supported by shareholders holding not less than nine-tenths (9/10) of the votes cast as well as the shares represented at the general meeting.

Authorization

It is proposed that the board of directors, or a person appointed by the board of directors, shall be authorized to make such minor adjustments to this resolution that may be required for the registration with the Swedish Companies Registration Office (Sw. Bolagsverket) and Euroclear Sweden AB.

LTI 2022 Board – ISSUE OF WARRANTS

Marlo Finance BV proposes an issue of not more than 11,250,000 warrants on the below terms.

- The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, only vest in the Company.
- The warrants will be issued without consideration (Sw. *vederlagsfritt*).
- The subscription for warrants shall be made up to and including 15 June 2022. The board of directors shall be entitled to prolong the subscription period.
- Upon exercise of all warrants, up to 11,250,000 shares (with reservation for any recalculation) may be issued. Upon full exercise of the warrants, the Company's share capital will increase with a maximum of EUR 2,947.500.
- The warrants shall in all other respects be governed by the terms and conditions set forth in Appendix 1.A.

The reason for the deviation from shareholders' preferential right is to implement LTI 2022 Board.

It is proposed that the board, or a person appointed by the board, shall be authorized to make such minor adjustments to this resolution that may be required for the registration with the Swedish Companies Registration Office (Sw. *Bolagsverket*) and Euroclear Sweden AB.