

## **NOTICE OF ANNUAL GENERAL MEETING PROMORE PHARMA AB (PUBL)**

The Annual General Meeting of Promore Pharma AB (publ) will be held on Tuesday, 26 May 2020 at 2 pm, in the premises of Advokaterna Liman & Partners, Grev Turegatan 38, Stockholm. Registration begins at 1:30 pm.

### **RIGHT TO ATTEND AND NOTIFICATION OF THE COMPANY**

Anyone wishing to attend the meeting must

- (i) be entered as a shareholder in the share register kept by Euroclear Sweden AB as of 19 May 2020, and
- (ii) give notice to the company of its intention to attend no later than 19 May 2020.

Notification of attendance may be given in writing to the company by e-mail to [info@promorepharma.com](mailto:info@promorepharma.com) or by mail to Promore Pharma AB, Karolinska Institutet Science Park, Fogdevreten 2, SE-171 65 Solna, Sweden or by telephone on +46-(0)8-124 548 59. When giving notification, please state your name or company name, personal ID or company registration number, address and daytime telephone number as well as the number of advisors.

### **NOMINEE REGISTERED SHARES**

To be entitled to attend the meeting, holders of nominee registered shares must instruct the nominee to have the shares registered in the holder's own name, so that the holder is entered in the share register kept by Euroclear Sweden AB as of 19 May 2020. Registration in this way may be temporary.

### **PROXY AND PROXY FORM**

Anyone who does not attend the meeting in person may exercise its right at the meeting via a proxy in possession of a signed and dated form of proxy. The form of proxy may be obtained from the company and it is also available on the company's website: [www.promorepharma.com](http://www.promorepharma.com) at least three weeks immediately before the meeting. Representatives of a legal person must attach a copy of the registration certificate or equivalent documentary authority. To facilitate entry to the meeting, forms of proxy, registration certificates and other documentary authority must be received by the company at the above-stated address, in good time before the meeting.

### **INFORMATION ABOUT PRECAUTIONS DUE TO THE NEW CORONA VIRUS**

Due to the regulations to reduce the risk for further spread of the infection of the new corona virus, the company would like to wish to remind you of the option not to attend the meeting in person, but instead participate through a proxy. The company will follow the development carefully and may take further precautionary measures if considered necessary.

## **PROPOSED AGENDA**

1. Opening of the meeting and election of Chairman of the meeting
2. Preparation and approval of voting list
3. Approval of the agenda
4. Election of one or two people to approve the minutes
5. Examination of whether the meeting has been duly convened
6. Presentation of the annual report and auditor's report, and also the group accounts and auditor's report for the group
7. CEO's address
8. Decisions on:
  - a) adoption of the profit and loss account and balance sheet, and also the consolidated profit and loss account and consolidated balance sheet;
  - b) allocation of the company's loss in accordance with the adopted balance sheet and
  - c) discharge from liability towards the company for the directors and the CEO
9. Determination of the number of directors, alternate directors and auditor and alternate auditor
10. Determination of the fees for the directors and for the auditor
11. Election of directors, Chairman of the Board and auditor, and, when applicable, alternate directors and an alternate auditor
12. Decision on a performance-based incentive program (LTI 2020)
13. Decision on delivery and hedging measures for LTI 2020
14. Decision on authorisation to issue new shares, convertible instruments and warrants
15. Closure of the meeting

## **DECISIONS PROPOSED BY THE NOMINATION COMMITTEE**

The Nomination Committee for the AGM 2020 comprises the following members: Per Lönn, representing PharmaResearch Products Ltd (Chairman of the Nomination Committee), David Sundin, representing Midroc New Technology AB, Graham Fagg, representing Rosetta Capital IV S.à r.l. and Göran Pettersson, Chairman of the Board in Promore Pharma AB (publ).

### **Election of Chairman of the meeting (item 1)**

The Nomination Committee proposes that Anders Björnsson, Advokaterna Liman & Partners, be elected to chair the meeting.

### **Determination of the number of directors, alternate directors and auditor and alternate auditor (item 9)**

The Nomination Committee proposes that the Board shall be composed of six directors, with no alternates, for the period until the next AGM. The Nomination Committee proposes that the company will have one auditor and no alternate.

#### **Determination of the fees for the directors and for the auditor (item 10)**

The Nomination Committee proposes that the fees for the directors will be paid as follows. The Chairman of the Board will receive SEK 250,000 and the other directors will receive SEK 150,000 each.

Fees will be paid to the auditor in accordance with approved invoices.

#### **Election of directors, Chairman of the Board and auditor, and, when applicable, alternate directors and an alternate auditor (item 11)**

The Nomination Committee proposes re-election of the Board in its entirety, that is re-election of Marianne Dicander Alexandersson, Torsten Goesch, Satyendra Kumar, Göran Linder, Göran Pettersson and Kerstin Valinder Strinnholm. It is proposed that Göran Pettersson be re-elected Chairman of the Board.

Information regarding the proposed directors is available on the company's website:

[www.promorepharma.com](http://www.promorepharma.com).

The Nomination Committee proposes that the registered audit company Finnhammars Revisionsbyrå AB be appointed auditor. Finnhammars Revisionsbyrå AB has given notice that if the Nomination Committee's proposal for auditor is adopted at the meeting Per-Olov Strand will be the person appointed to have main responsibility for the audit.

#### **DECISIONS PROPOSED BY THE BOARD**

##### **Decision on the allocation of the company's loss in accordance with the adopted balance sheet (item 8 b)**

The Board proposes that no dividend shall be paid, and that the company's accumulated loss shall be carried forward.

##### **Decision on a performance-based incentive program (LTI 2020) (item 12)**

The Board proposes that the annual general meeting resolves to adopt a performance-based incentive program ("LTI 2020") for certain employees and contractors in Promore Pharma AB (the "**Company**"). If the meeting adopts LTI 2020, the Board intends to subsequently provide notice of target levels and results not later than at the annual general meeting in 2023.

#### **Summary and reasons**

The program covers a maximum of three current employees and contractors in the Company (the "**Participants**"). The Board may also, if the Board finds it in the Company's best interest, offer one or more newly hired employees or contractors (or as the case may be, a current employee or contractor not initially offered to participate in LTI 2020) to become a Participant in LTI 2020 within the scope of the terms and conditions and guidelines set forth herein. After a qualifying period of three years, the

Participants will be allotted warrants in the Company without any payment of consideration provided that certain qualifying terms and conditions have been fulfilled (“**Performance Share Right**”). In order for these so-called Performance Share Rights to entitle the Participant to receive allotment, the Participants must have elected to maintain the scope of their assignment in the Company during a Qualifying Period. In order for allotment to take place, performance targets based on certain milestones must also be achieved.

The reasons for the proposal by the Board regarding LTI 2020 are to strengthen the Company’s ability to maintain its workforce, to broaden and increase share ownership amongst the Participants, and to ensure a common focus on long-term growth in shareholder value which ensures that shareholders and the Participants have the same targets. Through a performance-based incentive program, the rewards provided to the Participants can be linked to the Company’s future prospects thereby prioritizing long-term growth and ensuring that the shareholders and Participants have the same targets.

To be able to implement LTI 2020 in a cost-efficient manner, the Board’s proposal for LTI 2020 is conditional on that the AGM also resolves on the delivery and hedging methods proposed under item 13 a) – c) on the agenda.

### **Performance Share Rights**

Performance Share Rights mean that Participants in the program are entitled, for each Performance Share Right, to acquire one warrant in the Company with a right for its holder to acquire a share in the Company for a price equal to the share’s quota value (SEK 0.04), provided that the below qualifying terms and conditions have been fulfilled. Performance Share Rights are allotted without payment of any consideration.

### **Participant terms and conditions for LTI 2020**

LTI 2020 covers a maximum of three existing employees and contractors of the Company as well as any additional employee or contractor the Board decides to offer to participate in the program (the Participants) who are divided into four categories as follows:

- Category 1: One Participant – the CEO
- Category 2: One Participant – the CSO
- Category 3: One Participant – the CFO
- Category 4: One or more Participants – Any additional Participants

Participants in each category may receive an allotment of the following maximum number of Performance Share Rights:

- Category 1: 600,000 Performance Share Rights

- Category 2: 360,000 Performance Share Rights
- Category 3: 240,000 Performance Share Rights
- Category 4: Up to 200,000 Performance Share Rights (the total number of Performance Share Rights that may be allotted to all Participants in Category 4 may never exceed 200,000)

### **Qualifying terms and conditions**

In order for the Participant to be able to exercise their Performance Share Rights and receive allotment, the following qualifying terms and conditions must be fulfilled:

#### *Maintained assignment*

The Participant must be at the Company's disposal to carry out the Participant's assignment as the Company from time to time requests up until the announcement of the Company's interim report for the first quarter of 2023, or if no such report is published, 1 June 2023 (the "**Qualifying Period**").

#### *Performance*

The Participant will earn the right to exercise 25 percent of the Performance Share Rights allotted to the Participant for the fulfilment of each of four established performant targets based on the Company achieving certain milestones (the "**Performance Targets**"). The milestones relate to the performance and progress of the Company's two programs in late-stage clinical development; LL-37 and PXL01. The Performance Targets shall also be deemed to be met if there is a change of control of the Company.

#### *Recovery of right to exercise Performance Share Rights*

If the Participant may not exercise a portion of the allotted Performance Share Rights, due to failure to meet a Performance Target, on one or several occasions during the Program, the Participant may recover the right to exercise the Performance Share Rights in case of a significant increase in the share price of the Company during a period established in relation to the date the Performance Target should have been fulfilled (the "**Performance Period**").

At and above an increase of 50 percent (the "**Compensation Threshold**") in the share price of the Company during the relevant Performance Period, the following formula for compensation shall apply:

*For each percentage point increase in share price above the Compensation Threshold, the Participant will recover the right to exercise 0.5 percent of the Performance Share Rights the Participant had lost due to the non-fulfilment of the Performance Target in question. The number of Performance Share Rights a Participant may exercise may however never exceed the number of Performance Share Rights the Participant could have exercised if the Performance Target in question would have been fulfilled.*

**Other terms and conditions**

The following terms and conditions otherwise apply to the Performance Share Rights:

Participants are not entitled to transfer, pledge, or sell the Performance Share Rights, or to exercise any shareholder rights with respect to the Performance Share Rights, during the qualifying period.

**Structure and administration**

The Board is responsible for the more detailed structure and administration of LTI 2020 as well as the detailed terms and conditions which shall apply between the Company and the Participant under the program, within the scope of the terms and conditions and guidelines set forth herein. In conjunction with this, the Board shall be entitled to establish different terms and conditions for the program regarding, among other things, the Qualifying Period and allotment, in the event of termination of assignment during the Qualifying Period under specific circumstances. The Board shall also be entitled to make adjustments in order to fulfil specific rules or market conditions.

In certain cases, the Board shall be entitled to reduce the final allotment or to terminate LTI 2020 early, in whole or in part, without payment of any compensation to the Participants in the event of significant changes in the Company or on the market.

**Maximum quantity**

The maximum number of Performance Share Rights which may be issued according to LTI 2020 is 1,400,000, corresponding to approximately 3.7 percent of the outstanding shares and votes in the Company.

According to the specific conditions adopted by the Board, the number of shares covered by LTI 2020 may be subject to recalculation due to a bonus issue, reverse share split or share split, rights issue, or similar measures carried out by the Company, taking into consideration customary practice for corresponding incentive programs. Recalculation may also be made so that extraordinary payments of dividends are taken into consideration.

**Delivery and cost-hedging measures**

In order to secure the Company's obligations pursuant to the Performance Share Rights, the Board proposes that the Company shall issue and resolve to transfer warrants to the Participants (according to item 13 a) and b)). If necessary to secure certain costs, the Board proposes that it shall be authorized to enter into a swap-agreement with a third part (inter alia a shareholder or a financial institute, according to item 13 a) and c)).

**Costs for LTI 2020**

As a result of the proposed delivery and cost-hedging measures (item 13 a) – c)), the Company's liquidity will only be impacted by administrative costs and VAT occurring in relation to LTI 2020.

Costs related to the Performance Share Rights will be booked in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's (BFNAR) General Recommendation 2012:1: Annual Report and Consolidated Accounts ("K3"). Initially there will be no effect on company accounts, apart from social security costs for physical persons (i.e. the president/CEO) receiving Share Rights, which are estimated at 1,500,000 SEK, given a yearly increase of the share value of 20 percent. The future effect on company accounts will be the increase in equity of 72,000 SEK (warrants x quota value per share), if all warrants are exercised. Any difference between the quota value and market value at exercise will for physical persons be handled by benefit taxation for the difference.

The Board is authorised to reduce the number of Performance Share Rights the Participant may exercise, if for example the expected taxation of LTI 2020 differs from the actual taxation, resulting in additional costs for the Company. Such costs are hedged through the measure proposed in item 13 c).

The Board believes that the positive earnings' effects which ultimately can be achieved through LTI 2020 will outweigh any costs related to LTI 2020.

### **Dilution**

The total number of warrants issued to enable the delivery and for hedging costs is 1,800,000. At full utilisation of the warrants, the number of outstanding shares in the company will increase by 1,800,000. These shares constitute 4.7 percent of the number of shares and votes after full dilution, calculated as the number of new shares in relation to the number of existing and new shares in the Company.

### **Preparation of the matter**

LTI 2020 was initiated by the Board of the Company and has been prepared in consultation with Advokatfirman Lindahl KB.

### **Other long-term incentive programs**

The Company currently has bonus agreements with senior executives. If the general meeting decides to implement LTI 2020 for certain employees and consultants, the bonus agreements with the people in question will be terminated in their entirety.

### **The Board's proposal for a resolution**

In consideration of the aforementioned description, the Board proposes that the annual general meeting resolves to implement LTI 2020.

### **Majority requirement**

The Board's proposal for a resolution implementing LTI 2020 is conditional upon the annual general

meeting approving the Board's proposal under item 13 a) – c). Hence, the Board proposes that the annual general meeting resolves on item 12 and item 13 a) – c) jointly and that a resolution only shall be valid if it is supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the general meeting.

### **Decision on delivery and hedging measures for LTI 2020 (item 13)**

#### **a) Directed issue of warrants**

The Board proposes that the general meeting resolves on a directed issue of 1,800,000 warrants with the right to subscribe for new shares in the company, in main in accordance with the below proposal.

1. The warrants are issued free of charge. Each warrant will give the right to subscribe for one new share in the company, thus the share capital of the company can increase with a maximum of SEK 72,000 if the warrants are fully utilised.
2. The right to subscribe for warrants shall, with a deviation from the shareholders' preferential rights, be granted the company (Promore Pharma AB) itself.
3. Subscription to the warrants shall be made no later than 31 August 2020, with the Board reserving the right to extend this time limit.
4. The warrants can be exercised to subscribe for shares in the company from the registration of the warrants with the Swedish Companies Registration Office and up to and including 31 December 2023.
5. The warrants shall for the subscription of shares have an exercise price corresponding to the share's quota value, SEK 0.04.
6. The new shares issued under the warrants shall entitle to dividend as from the first record date for dividend to occur after the registration of the new shares with the Swedish Companies Registration Office.
7. The number of shares issued under each warrant may be recalculated in accordance with recalculation principles due to a bonus issue, reverse share split or share split, rights issue and/or any similar event.

The reason for deviating from the shareholders' preferential rights is that the company wishes to implement LTI 2020.



**b) Transfer of the warrants to participants in LTI 2020**

The Board proposes that the general meeting resolves to approve that the Company, on one or more occasions, may transfer warrants to the participants in LTI 2020 in accordance with the terms and conditions of LTI 2020.

**c) Transfer of warrants to cover costs for LTI 2020 and authorization to enter into swap-agreements**

The Board proposes that the general meeting resolves to approve that the Company, on one or more occasions, transfers warrants to a third party to cover costs for LTI 2020. This may for example be achieved by the company entering into a swap agreement with a third party.

*Special authorisation*

The Board proposes that the Board, or anyone appointed by the Board, shall be entitled to make the minor adjustments to the above proposed resolution that may be necessary upon registration of the resolution with the Swedish Companies Registration Office or due to any other formal requirement.

*Voting majority and condition for resolution*

The Board's proposal for a resolution under item 13 a) – c) is conditional upon the annual general meeting approving the Board's proposal under item 12. Hence, the Board proposes that the annual general meeting resolves on item 12 and item 13 a) – c) jointly and that a resolution only shall be valid if it is supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the general meeting.

**Decision on authorisation to issue new shares, convertible instruments and warrants (item 14)**

The Board proposes that the general meeting authorises the Board to, for the period to the next AGM and on one or several occasions, issue shares, convertibles and warrants as follows.

The Board will be authorised to decide on issues with or without pre-emption rights for the shareholders and/or with provisions of payment in kind, right of set-off and/or other conditions.

The basis for the determination of the subscription price when disapplying from the shareholders' pre-emption rights will be the share's, the convertible's or the warrant's market value at the time of the respective issue, taking into account rebates in accordance with the market conditions, when applicable.

The number of shares that the Board will be entitled to issue, the number of shares that convertibles may entitle to and the number of shares that may be subscribed for on account of warrants, will totally amount to no more than 7,285,672 new shares, corresponding to a dilution of approximately 20 per cent.

The reason behind the proposal and the possibility of disapplication from the shareholders' pre-emption rights, is to allow flexibility in acquisitions or capital raisings.

The Board, or its appointee, is authorised to make any minor adjustments to this decision deemed necessary to register the decision with the Swedish Companies Registration Office or due to other formal requirements.

For a decision in accordance with the Board's proposal to be valid, it must be supported by shareholders holding at least two-thirds of the votes cast as well as of the shares represented at the general meeting.

## **DOCUMENTS**

The Board's and the Nomination Committee's complete proposals as well as accounting documents and the auditor's report will be available at the company and on the company's website [www.promorepharma.com](http://www.promorepharma.com) for at least three weeks immediately before the meeting. Copies of these documents will be sent immediately, and at no cost to the recipient, to shareholders who so request and state their postal address. The documents will also be available at the meeting.

## **NUMBER OF SHARES AND VOTING RIGHTS**

The total number of shares in the company as of the date of this notice is 36,428,362, representing a total of 36,428,362 voting rights. As of that date the company does not own any of its own shares.

## **INFORMATION AT THE MEETING**

If any shareholders so request and the Board considers it possible without material harm to the company, the Board and the CEO must provide information at the meeting on any circumstances that may influence determination of an item on the agenda, circumstances that may influence determination of the financial position of the company or its subsidiary, the group accounts and the company's relationship to another group company.

## **PROCESSING OF PERSONAL DATA**

For information on how your personal data is processed, please see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

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Solna April 2020  
**Promore Pharma AB (publ)**  
Board of Directors