



## **THE BOARD'S COMPLETE PROPOSAL ON IMPLEMENTATION OF A LONG-TERM INCENTIVE PROGRAMME THROUGH A DIRECTED ISSUE OF WARRANTS AND APPROVAL OF TRANSFER OF WARRANTS TO CERTAIN EMPLOYEES AND CONSULTANTS**

The board of directors in Hexicon AB (publ) proposes that the general meeting resolves on implementation of a long-term incentive programme ("Warrant programme 2023/2027") for certain employees and consultants in the Company and the Company's group by way of (i) a directed issue of warrants and (ii) approval of transfer of warrants as set forth below. The warrants shall entitle to subscription for new shares in the Company.

### *Background and reasons*

The proposal to launch an incentive programme by the issuance of warrants has been prepared and presented by the board of directors in order to strengthen the retention of the persons covered and to motivate them to create shareholder value. The board of directors assess that these objectives are in line with all shareholders' interests.

The programme encompasses certain employees and consultants of the group. Board members not employed by the group are not allowed to participate. Those entitled to participate in the incentive program are hereinafter referred to as "**Participants**".

### *Terms and conditions for the issue of warrants*

1. The Company shall issue not more than 11,000,000 warrants. Each warrant entitles to subscription of one (1) new share in the Company.
2. The warrants may, with deviation from the shareholders' preferential rights, only be subscribed for by the Company, after which the Company is to transfer the warrants to the Participants in accordance with the resolution adopted by the general meeting and instructions from the board of directors of the Company. The reason for the deviation from the shareholders' preferential rights is that the warrants are to be used within the proposed incentive programme.
3. Subscription for warrants shall be made on a separate subscription list following the general meeting's issue resolution, but no later than 1 June 2023. The board of directors shall be entitled to prolong the subscription period.
4. The warrants shall be issued without consideration (i.e. free of charge) to the Company.
5. If all issued warrants are subscribed for by the Company, transferred to and exercised by the Participants for subscription of new shares, the Company's share capital will increase with SEK 110,000 (subject to potential recalculations in accordance with standard terms and conditions applicable to the warrants set out in an [Appendix A](#)).
6. The warrants may be exercised for subscription for new shares during the period from and including 11 November 2026 until and including 11 February 2027. Subscription for new shares may however not take place during so-called closed periods according to the EU Market Abuse Regulation, or otherwise in breach of relevant insider rules and regulations (including the Company's internal guidelines in this respect). Warrants that have not been exercised for subscription of new shares by 11 February 2027 shall lapse.

7. Each warrant shall entitle the warrant holder to subscribe for one (1) new share in the Company at a subscription price per share (the "Exercise Price") corresponding to 150 percent of the volume weighted average trading price for the Company's share on Nasdaq First North Premier Growth Market during a period of five (5) trading days immediately prior to the annual general meeting. If no trading price is recorded for a particular trading day within the specified period, such day shall not be taken into account, but the period shall instead be extended forwards in time with the number of succeeding trading days required for the period to comprise five (5) trading days with a recorded trading price. Any amount that exceeds the quotient value shall be transferred to the nonrestricted share premium account. The Exercise Price thus calculated shall be rounded off to the nearest whole SEK 0.01, whereupon SEK 0.005 shall be rounded upwards. The exercise price may never be below the quotient value of the shares.
8. The warrants will be subject to customary recalculation conditions set out in Appendix A.

*Allocation principles to be applied in relation to Participants*

The warrants are to be transferred to the Participants against a premium payable by the Participants corresponding to the theoretical market value of the warrants as of the date of transfer, calculated by an independent valuation agent engaged by the Company by use of the Black & Scholes valuation model.

The board of directors of the Company shall resolve upon allocation to Participants in accordance with the guidelines set forth below. No Participant may be offered a higher number of warrants than the maximum allocation set forth below.

<b>Category</b>	<b>Maximum number of warrants per Participant</b>	<b>Maximum number of warrants within the respective category</b>
Management	500,000	3,000,000
Employees	200,000	5,000,000
Advisors, consultants and new recruits	300,000	3,000,000
<b>Total:</b>	-	<b>11,000,000</b>

A Participant can choose to acquire a lower but not a higher number of warrants than offered to the Participant

*Warrant agreements*

All warrants will be governed by warrant agreements to be entered into between each Participant and the Company in connection with the transfer of warrants from the Company. The warrant agreement will include a so-called vesting structure, certain transfer restrictions and other terms

and conditions customary for such agreements. According to the warrant agreements the total number of warrants granted to each Participant shall be vested in three equal parts on an annual basis (i.e. approximately 33% of the total number of warrants will be vested each year) and conditional upon continued assignments/employment with the Group. The warrant agreements shall be entered into with the Participants within six months from the resolution to implement this program and the vesting period until a share may be acquired may not be less than three years.

#### *Reasons for the deviation from the shareholders' preferential rights*

The reasons for the deviation from the shareholders' preferential rights is that the Company wishes to offer warrants to certain employees and consultants of the group in order to strengthen the retention of the persons covered and to motivate them to contribute to the creation of shareholder value. Warrants granted under the incentive programme to the Participants are intended to align such individual's and shareholder interests by attempting to create a direct relation between compensation and shareholder return. Participation in the incentive programme rewards overall corporate performance, as measured through the price of the shares in the Company. In addition, the incentive programme enables the Participants to develop and maintain a significant ownership position in the Company.

#### *Dilution, costs, etc.*

Upon full subscription, transfer and exercise of all 11,000,000 issued warrants; a total of 11,000,000 new shares will be issued in the Company (subject to potential recalculations in accordance with standard terms and conditions applicable to the warrants as set forth in Appendix A). This would lead to a dilution corresponding to approx. 2.9 per cent of the total share capital and number of votes in the Company (calculated as the maximum amount of share capital and number of shares/votes that may be issued, divided by the total share capital and the total number of shares/votes in the Company after all warrants have been exercised). The dilution calculation described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous incentive programmes or as a result of the other resolutions proposed to be adopted by the annual general meeting.

The incentive programme is expected to have a marginal effect on the Company's earnings per share. The market value of the warrants for the subscription period is estimated to SEK 0.37 per warrant (as per 6 April 2023), in accordance with the preliminary valuation made based on a market value of the underlying share corresponding to SEK 0.95 (as per 6 April 2023). The Black & Scholes valuation model has been used for valuing the warrants, assuming a risk free interest of 2.54 per cent and a volatility of 68 per cent.

There are costs associated with the incentive programme in respect of valuation, consultancy services and costs for registration and practical management of the programme. There should not be any security costs or similar payable by the Company. Ongoing administration costs and other costs of the programme are minimal.

#### *Outstanding warrant programs*

The Company has 22,499,996 warrants outstanding under two (2) long-term incentive programmes resolved at the extraordinary general meeting on 30 December 2020 and the annual general meeting on 12 May 2022, with terms summarized in below.

The first incentive programme, resolved on by the extraordinary general meeting on 30 December 2020 comprising of 11,999,996 warrants issued to members of the board of directors, management, employees and new recruits. Each warrant entitles the holder to subscribe for one (1) new share in the Company at an exercise price of SEK 2.80 during the period from 30 June 2023 up to and including 30 December 2023.

The second incentive programme, resolved on by the annual general meeting on 12 May 2022 comprising of 10,500,000 warrants issued for certain employees and new recruits in the Company. Each warrant entitles the holder to subscribe for one (1) new share in the Company at an exercise price of SEK 2.98 during the period from 12 November 2025 up to and including 12 February 2026.

If all outstanding warrants under the above incentive programmes were exercised for the subscription of new shares, the Company's share capital would increase by SEK 224,999.96 through the issuance of 22,499,996 new shares (subject to any recalculations in accordance with the terms of the warrants), each with a quotient value of SEK 0.01 per share. This would represent a dilution equivalent to approximately 5.8 percent of the Company's total share capital and number of shares and votes (calculated on the basis of the share capital (SEK 3,638,026.86) and the number of shares and votes (363,802,686) in the Company as of today's date). The warrants issued within the framework of the programme adopted by the annual general meeting 2022 were subscribed for by the Company in order to be transferred to the participants in the programme. However, no warrants have been transferred to the participants and the Company's intention is to cancel all 10,500,000 warrants and replace them with the warrants proposed to be resolved on in this item 13.

#### *Approval of transfer of warrants from the Subsidiary to Participants*

A resolution to issue warrants in accordance with this proposal also includes an approval of the transfers of warrants from the Company to the Participants.

#### *Preparation of the proposal*

This proposal has been prepared by the board of directors together with external consultants. The final proposal has been presented by the board of directors.

#### *Majority requirements*

This proposal to adopt the incentive programme and to issue warrants, as well as the approval of the transfers of warrants from the Company to the Participants, is governed by the provisions in Chapter 16 of the Swedish Companies Act, and a valid resolution therefore requires that the proposal is supported by shareholders representing at least nine-tenths (9/10) of the votes cast as well as of all shares represented at the meeting.

#### *Miscellaneous*

The chairman of the board of directors, the CEO or a person appointed by the board of directors shall be authorised to make any minor adjustments required to register the resolution with the Swedish Companies Registration Office.

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*The board of directors*