

Karolinska Development AB AGM 2018

Item 18 Complete proposal: “LEO approval”

Proposal from the Board of Directors’ of Karolinska Development AB (publ) for approval of new issue of warrants to employee in subsidiary.

According to Chapter 16 of the Swedish Companies Act (the “LEO Law”) new issues of warrants in subsidiaries directed to directors or employees of the issuer or another group company, must in some cases be approved by the general meeting of the parent company.

The below transaction is subject to approval by the Annual General Meeting 2018.

The Annual General Meeting in Modus Therapeutics Holding AB (publ) resolved on June 28, 2017 to issue no more than 1,662,300 warrants directed to key employees in the company. The chairman of the board subscribed for 332,460 warrants, the CEO subscribed for 415,570 warrants, and the remaining 914,270 warrants were subscribed by the subsidiary Modus Therapeutics AB, for transfer to new key executives in the company.

As consideration for the subscription of the warrants, the participants have to pay an amount corresponding to the market value as of the date of the general meeting in Modus Therapeutics Holding AB (publ) calculated according to Black & Scholes valuation formula.

Subscription for shares shall be made no later than June 30, 2020. Each warrant entitles to subscription for one new share in Modus Therapeutics Holding AB (publ) at a share price of SEK 20.50 per share. The share capital of the company as of this day amounts to SEK 686,729 distributed on 13,734,380 shares. Full subscription of shares based on warrants the would increase the share capital in Modus Therapeutics Holding AB (publ) by SEK 83,115 through the issue of 1,662,300 new shares.

The reason for the deviation from the shareholders’ preferential rights is that the company wishes to strengthen the retention of employees and board directors and to motivate them to create value for the shareholders.

The warrants are subject to standard terms and conditions regarding share subscription and re-calculation of the share subscription price and/or the number of shares that the warrants entitles to in case of share split, share merger etc.

The incentive program as such and the transfer of warrants from the subsidiary to the participants are subject to LEO approval by the general Meeting in Karolinska Development AB (publ) and KDev Investments AB. The General Meeting in KDev Investments has approved this.

Decision by the Annual General Meeting in Modus Therapeutics Holding AB, see [Appendix 1](#)

The Board of Directors proposes that the Annual General Meeting approves the issue of warrants and transfer of warrants from the subsidiary to participants, described above.

A resolution in accordance with the Board of Directors’ proposal requires support from shareholders with not less than 9/10 of votes cast as well as shares represented at the meeting.

I händelse av skillnad mellan den engelska och svenska versionen av detta protokoll ska den svenska versionen gälla.

In case of any discrepancy between the English and Swedish language versions of these minutes, the Swedish language version shall prevail.

Styrelsens förslag till beslut om emission av teckningsoptioner

The board of directors' proposed resolution regarding issue of warrants

Styrelsen i Modus Therapeutics Holding AB (publ), org.nr 556851-9523, föreslår att bolagsstämman beslutar om en av högst 1 662 300 teckningsoptioner med avvikelse från aktieägarnas företrädesrätt, varmed bolagets aktiekapital kan ökas med 83 115 kronor om samtliga teckningsoptioner utnyttjas för teckning av aktier.

The board of directors in Modus Therapeutics Holding AB (publ), reg.no 556851-9523, proposes that the general meeting resolves to issue not more than 1,662,300 warrants with deviation from the shareholders' preferential rights, whereupon the company's share capital may be increased by SEK 83,115 if all warrants are exercised for subscription of shares.

Teckningsoptionerna ska medföra rätt till nyteckning av aktier i bolaget. För teckningsoptionerna gäller även de närmare villkor, bland annat innefattandes sedvanliga omräknavillkor, som anges i Underbilaga 1A. För beslutet ska i övrigt följande villkor gälla.

The warrants shall entitle to subscription of new shares in the company. The warrants are also subject to the terms and conditions, inter alia including customary recalculation provisions, set forth in Subschedule 1A. The resolution shall otherwise be governed by the following terms and conditions.

1. Rätt att teckna teckningsoptionerna ska tillkomma bolagets styrelseordförande Björn Sjöstrand, VD Ellen Donnelly, CFO (ännu ej anställd), CMO (ännu ej anställd) samt bolagets dotterbolag Modus Therapeutics AB för senare överlåtelse till nytillkomna ledande befattningshavare i bolaget.

The right to subscribe for the warrants shall vest in the chairman of the board of directors in the company, Björn Sjöstrand, CEO Ellen Donnelly, CFO (yet to be hired) CMO (yet to be hired) and the company's subsidiary Modus Therapeutics AB for future transfer to new members of the company's senior management.

2. Skälen till avvikelsen från aktieägarnas företrädesrätt är att bolaget vill erbjuda teckningsoptioner till ledande befattningshavare och styrelseledamöter i bolaget i syfte att främja bibehållandet av anställda och styrelseledamöter samt för att motivera dem till att bidra till skapandet av värde för aktieägarna.

The reasons for the deviation from the shareholders' preferential rights is that the company wishes to offer warrants to members of the company's senior management and board members in the company

in order to strengthen the retention of employees and board members and to motivate them to contribute to the creation of shareholder value.

3. För teckningsoptionerna ska erläggas belopp som motsvarar teckningsoptionernas teoretiska marknadsvärde per dagen för årsstämman, beräknat enligt Black & Scholes värderingsformel. Vid dotterbolagets teckning ska inget vederlag utgå.

An amount corresponding to the theoretical market value of the warrants as of the day of the annual general meeting shall be paid for the warrants, calculated by use of the Black & Scholes valuation formula. Where the subsidiary subscribes for warrants, no payment shall be due.

4. Teckning av teckningsoptionerna ska ske inom en vecka från dagen för emissionsbeslutet. Betalning för de tecknade teckningsoptionerna ska ske inom två veckor från dagen för teckning.

Subscription for the warrants shall take place within one week from the date of the resolution to issue warrants. Payment for the warrants subscribed for shall be made within two weeks from the day of subscription.

5. Styrelsen äger rätt att förlänga teckningstiden och tiden för betalning.

The board of directors shall be entitled to extend the subscription period and the time for payment.

6. Nyteckning av aktier med stöd av teckningsoptionerna kan ske under perioden från och med registrering hos Bolagsverket till och med den 30 juni 2020.

The warrant may be exercised to subscribe for new shares during the period commencing at the date of registration with the Swedish Companies Registration Office up to and including 30 June 2020.

Förslagens beredning

Preparation of the proposal

Förevarande förslag har lagts fram av bolagets styrelse med undantag för Björn Sjöstrand som på grund av att han är teckningsberättigad i emissionen inte deltagit i beredningen av eller beslut rörande förslaget.

This proposal has been prepared by the board of directors in the company with exception for Björn Sjöstrand who has not taken part in the preparation of or decisions regarding the proposal due to his right to subscribe for warrants in the issue.

Godkännande av överlåtelse av teckningsoptioner från dotterbolaget

Approval of transfers of warrants from the subsidiary

Ett beslut att emittera teckningsoptioner i enlighet med förevarande förslag innefattar även ett godkännande av överlåtelser av teckningsoptioner från Koncernbolagen till deltagarna. Vid överlåtelse till deltagarna ska erläggas belopp som motsvarar teckningsoptionernas teoretiska marknadsvärde per dagen för årsstämman, beräknat enligt Black & Scholes värderingsformel.

A resolution to issue warrants in accordance with this proposal also includes an approval of the transfers of warrants from the Group Companies to the Participants. In connection with a transfer to participants, an amount corresponding to the theoretical market value of the warrants as of the day of the annual general meeting shall be paid for the warrants, calculated by use of the Black & Scholes valuation formula, shall be paid.

Majoritetskrav och godkännande av moderbolag

Majority requirements and approval from parent companies

Förevarande förslag om emission av teckningsoptioner, liksom godkännandet av överlåtelse av teckningsoptioner från bolagets dotterbolag till ledande befattningshavare i bolaget, omfattas av bestämmelserna i 16 kap. aktiebolagslagen (2005:551), varför giltigt beslut fordrar att förslaget biträds av aktieägare representerande minst nio tiondelar (9/10) av såväl de avgivna rösterna som de vid stämman företrädde aktierna.

This proposal to issue warrants, as well as the approval of the transfers of warrants from the company's subsidiary to members of the senior management of the company, is governed by the provisions in Chapter 16 of the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)), 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.

Beslut om emission av teckningsoptioner enligt förevarande förslag är även villkorat av att beslutet godkänns vid efterföljande bolagsstämma i bolagets moderbolag KDev Investments AB och Karolinska Development AB. Sådant beslut fordrar att det biträds av aktieägare representerande minst nio tiondelar (9/10) av såväl de avgivna rösterna som de vid stämman företrädde aktierna.

The resolution to issue warrants in accordance with the present proposal is also conditional upon the resolution being approved at subsequent general meetings in the company's parent companies KDev Investments AB and Karolinska Development AB. Such decision requires that it 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.

Övrigt

Miscellaneous

Verkställande direktören eller den denne utser ska äga rätt att vidta de smärre justeringar i beslutet som kan visa sig erforderliga vid registrering av beslutet vid Bolagsverket.

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

Styrelsen

The board of directors