

**The Board of Directors' proposal for resolution on the adoption of an incentive program via a directed issue of warrants to a subsidiary Company and the approval of transfer of warrants to participants in the program (item 17 on the agenda)**

---

**Background**

The Board of Directors in Infant Bacterial Therapeutics AB (publ) Reg. No. 556873-8586 (the "**Company**") proposes that the Annual General Meeting resolves to adopt an incentive program for the Company's employees and key persons engaged as consultants via i) a directed issue of warrants to the Company or its wholly owned subsidiary IBT Baby AB, Reg. No 559110-7353 (the "**Subsidiary**"), and ii) approval of transfer of warrants to participants in the incentive program. Each warrant entitles to subscription of one (1) new B-share in the Company.

The Board of Directors believes that it is important and in the interest of all shareholders that the employees and other key persons, who are deemed to be important for the Company's further development, have a long-term interest in a good value increase of the Company's shares. A personal long-term ownership commitment can be expected to contribute to an increased interest in the Company's operations and earnings and raise the participants' motivation and connection with the Company and its shareholders.

Based on the existing number of shares in the Company, the dilution resulting from the proposed incentive program, assuming that all warrants are exercised for subscription of new B-shares, will be approximately 2.64 percent of the shares and approximately 2.04 percent of the votes. The percentage dilution in respect of the shares has been calculated according to the following formula:  $1 - (\text{existing number of shares} / \text{new number of shares})$ , and in respect of the votes according to the following formula:  $1 - (\text{existing number of votes} / \text{new number of votes})$ . This calculation does not consider already outstanding warrants in the incentive programs that were implemented in 2017 and 2020, respectively. The dilution is expected to have a limited effect on the Company's key performance indicators.

This proposal has been prepared by the remuneration committee and thereafter by the Board of Directors in consultation with external advisors. The resigning board member Robert Molander is a part of the executive management and has not participated in the Board's handling of or decision in the matter.

**Directed issue of warrants to the Company or the Subsidiary**

The Board of Directors proposes that the Annual General Meeting resolves on a directed issue of a maximum of 304,500 warrants on the following terms:

1. The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, belong to the Company or the Subsidiary. Over-subscription can not occur.
2. The reason for the deviation from shareholders' preferential rights is that the issue is a part of the implementation of the incentive program, with which the Company's employees and other key persons are given the opportunity to take part in a positive development in the Company. The existence of such a program is expected to increase the Company's ability to attract and retain qualified employees.

3. Subscription of the warrants shall be made through subscription on a subscription list no later than May 13, 2022. The Board of Directors shall be entitled to extend the subscription period.
4. The warrants are issued free of charge.
5. Each warrant will entitle the holder to subscribe for one (1) new B-share in the Company at a subscription price corresponding to 200 percent of the volume-weighted average price of the Company's share according to Nasdaq Stockholm's official price list during the period ten (10) trading days before May 4, 2022. Any share premium shall be transferred to the unrestricted premium reserve.
6. Subscription of B-shares by exercise of warrants shall be made in accordance with the terms of the warrants from June 1, 2025 up to and including September 30, 2025.
7. If all warrants are exercised for subscription of B-shares, the Company's registered share capital will increase by 82,990.560062 SEK (given current quota value and provided that no recalculation is carried out pursuant to the warrant terms).
8. B-shares issued as a result of subscription shall entitle to dividends on the dividend record date occurring after the share capital is registered with the Swedish Companies Registration Office (Sw: Bolagsverket) and B-shares have been recorded in the share register kept by Euroclear Sweden AB.
9. The warrants are covered by the terms and conditions as set out in Appendix A.

#### **Approval of transfer of warrants from the Subsidiary to participants in the incentive program**

The Board of Directors proposes that the Annual General Meeting resolves to approve that the Company or the Subsidiary transfers a maximum of 304,500 warrants to the Company's CEO, senior executives and other employees and key persons engaged as consultants, or to companies wholly owned by such persons, according to the following principles.

- Category A - CEO: the CEO may be allotted a maximum of 120,000 warrants.
- Category B – other senior executives: participants in this category may be allotted a maximum of 115,000 warrants collectively and each participant in the category may be allotted a maximum of 75,000 warrants individually.
- Category C – other employees: participants in this category may be allotted a maximum of 69,500 warrants collectively and each participant may be allotted a maximum of 20,000 warrants individually.

The warrants shall be transferred on market terms at a price established on the basis of an estimated market value of the warrants at the time of the transfer by applying the Black & Scholes valuation model (option premium). Calculation of the option premium shall be performed by an independent valuation expert.

In order to enable the participants acquisition of the warrants, the board may decide on an extra bonus payment which net after deduction for taxes and social security contributions is equivalent to 100% of the option premium.

In addition, a so-called pre-emption agreement shall be entered into, pursuant to which the warrant holder shall be obliged to offer the Company or the Subsidiary to acquire the warrants, or a portion of them, under certain conditions.

Transfer of warrants to participants in the incentive program requires that such transfer may be lawfully made and that it, according to the Board of Directors' assessment, may be made to reasonable administrative costs.

The employees who are entitled to acquire warrants must notify their intention to acquire warrants during the period from May 16, 2022 up to and including May 31, 2022. However, the Board of Directors shall have the right to extend the time for such notification and to resolve on a new notification period for employees whose acquisitions occur after the initial acquisition period has ended.

### **Costs for the incentive program**

The incentive program has been prepared in consultation with external legal and financial advisers and the costs for this guidance is estimated to amount to a maximum of SEK 80,000. The Company's costs for bonus payments to cover the option premium is expected to amount to approximately SEK 4,800,000.

In addition to the costs stated above, the Board of Directors deems that the incentive program will cause certain administrative costs in connection with registration, transfer and share subscription by exercise of warrants.

### **Other outstanding share-related incentive programs in the Company**

#### *Warrant program 2017/2022*

On May 4, 2017, the Annual General Meeting decided on an incentive program by a directed issue of warrants to the Subsidiary. The number of issued warrants is 280,000. In total 260,000 warrants have been transferred to employees. The transfers have been carried out on market terms at a price determined at the time of the transfers by applying the Black & Scholes method of valuation.

The holder of warrants may, during the period from April 3, 2022 up to and including May 3, 2022, for each warrant subscribe for one and one tenth (1.1) new B-share in the Company at a subscription price per share amounting to SEK 272.41 (a recalculation of the terms has taken place due to share issues in November 2017 and January 2018).

#### *Warrant program 2020/2024*

On June 16, 2020, the Annual General Meeting decided on an incentive program by a directed issue of warrants to the Subsidiary. The number of issued warrants is 375,000. In total 244,073 warrants have been transferred to employees. The transfers have been carried out on market terms at a price determined at the time of the transfers by applying the Black & Scholes method of valuation.

The holder of warrants may, during the period from July 1, 2024 up to and including September 30, 2024, for each warrant subscribe for one (1) new B-share in the Company at a subscription price per share amounting to SEK 400.

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

**Majority requirements**

The resolutions above are conditional on each other and are therefore to be adopted jointly. A valid resolution requires approval of shareholders representing at least nine tenths (9/10) of both the votes cast and the shares represented at the meeting.

**Other**

The CEO, or any other person appointed by the Board of Directors, shall have the right to take those smaller measures that may be required in order to register and implement the resolution.

*Please note that the English version of this document is a translation which has been made for convenience purposes only. In case of inconsistencies between the translated English version and the official Swedish version, the Swedish version will prevail.*

---