

15. Resolution to implement a long term incentive program for employees and/or consultants by way of a directed issue of warrants to the participants

**A. Issue of warrants M 2023/2026**

The Board of Directors proposes that the Annual General Meeting resolves on issue of warrants in accordance with the terms set forth below.

1. *Number of warrants to be issued*

The Company shall issue a maximum 750,562 warrants.

2. *Increase of the share capital*

If all 750,562 warrants are subscribed for and exercised, the Company's share capital will increase with a maximum amount of SEK 37,528.1 (based on a quotient value of SEK 0.05) subject to such recalculation of the number of shares that each warrant entitles the holder to subscribe for in accordance with the complete terms and conditions for the warrants. To the extent that the subscription price exceeds the quotient value the excess amount shall be allocated to the non-restricted share premium reserve.

3. *Subscription right*

The right to subscribe for warrants shall, with deviation from the shareholders' preferential right, be granted to employees and consultants in the Company and the group in accordance with the principle for allotment is set forth under section 10 "Allotment" below. Over subscription may not occur.

4. *The reason for deviation from the shareholders' preferential right*

The reason for deviation from the shareholders' preferential right is establish an incentive program in order to facilitate retention and recruitment of competent employees to the group, increase the participants' motivation, loyalty and alignment of interest with the Company's shareholders as well as facilitating own shareholding in the Company and thereby promote shareholder value and long term value creation of the Company.

5. *Subscription period*

The warrants shall be subscribed for on a separate subscription list during the period from and including 14 May 2023 up to and including 8 June 2023.

6. *Subscription price and payment*

The warrants shall be acquired at market value as further specified under section 7 "Price and valuation" below. Payment of the warrants shall be made in cash to a bank account designated by the Company no later than 15 June 2023.

7. *Price and valuation*

The warrants will be issued at market value and the price (warrant premium) shall be determined according to the Black & Scholes valuation model. The valuation of the warrants shall be made by an independent advisor.

The preliminary market value is calculated to SEK 0.89 per warrant based on a share price of SEK 3.89 (the closing price of the Company's share on Nasdaq First North Growth Market on 23 February 2023), a term of 3 years, a risk free interest rate of 2.36 percent, a volatility of 75.5 percent, and average expected dividends of 0 percent during the term of

the warrants. The final valuation of the warrants takes place in connection with the participant's subscription of the warrants and will be based on market conditions at that time.

#### 8. *Warrant terms*

- (i) Each warrant entitles the warrant holder to subscribe for one newly issued share in the Company.
- (ii) The subscription price for each newly issued share shall be an amount corresponding to 300 percent of the "Reference share price" (as defined below).

The "Reference share price" amounts to the average volume weighted share price for the Company's share on Nasdaq First North Growth Market during a period of ten (10) trading days immediately prior to the shareholders' meeting proposed to resolve upon the incentive program. The Reference share price and the subscription price calculated in accordance with the above shall be rounded off to the nearest SEK 0.01, whereby SEK 0.005 will be rounded off downwards.

- (iii) The subscription right may be exercised during the period from and including 15 June 2026 up to and including 15 September 2026, or the earlier or later date as set out by the warrant terms in item (v) below.
- (iv) The shares subscribed for by exercise of the warrants shall carry entitlement to participate in dividends for the first time on the next record date for dividends which occurs after subscription is effected.
- (v) The complete terms and conditions for the warrants (warrant terms) will be available at the latest three weeks prior to the Annual General Meeting at the Company's website, [www.safello.com](http://www.safello.com), and will also be sent free of charge to shareholders who so request and provide their postal address. According to the terms and conditions for the warrants the subscription price and the number of shares that each warrant entitles the holder to subscribe for may be subject to recalculation in certain cases.

#### 9. *Authorisation*

The Board of Directors shall be entitled to prolong the time for subscription and payment of the warrants. The Board of Directors, or a person appointed by the Board of Directors, shall be authorized to make minor adjustments to the resolution made at the Annual General Meeting as may be required in connection with registration with the Swedish Companies Registration Office and Euroclear Sweden AB.

#### 10. *Allotment*

The warrants shall be allotted by the Board of Directors in accordance with the following principles:

- (i) The right to subscribe for warrants shall be given to employees and/or consultants in accordance with the table below (the "**Participants**"). The total number of warrants allotted to the Participants may however not exceed 750,562 warrants. Members of the Company's Board of Directors will not be allotted warrants.

Group	Number of participants	Participants	Maximum allotment
Group 1	Up to 1	Chief executive officer	Maximum of 200,000 warrants
Group 2	Up to 6	Management	Maximum of 100,000 warrants per person, maximum of 270,000 warrants in total
Group 3	Up to 20	Other key personnel	Maximum of 50,000 warrants per person, maximum of 151,544 warrants in total
Group 4	Up to 20	Other employees (and external consultants)	Maximum of 20,000 warrants per person, maximum of 129,018 warrants in total

- (ii) Allotment may only occur if the Participant at the same time offers the Company to redeem any and all warrants of series M 2021/2024 held by the Participant.
- (iii) Allotment of warrants shall be made no later than 15 June 2023, or if the Board of Directors resolves to prolong the period for subscription and payment, such later date for allotment as decided by the Board of Directors. Allotment may only be made to the extent that the total number of warrants under the program does not exceed 750,562 warrants.
- (iv) If a person granted a right to subscribe for warrants does not wish to subscribe for the entire offered portion, warrants not subscribed for by such person may be offered to other existing and new employees included in the categories described in item (i) above. The maximum number of such additional warrants that may be allocated to each Participant within the respective category may not exceed the maximum number set forth in item (i) above.
- (v) In connection with the Participants' subscription of warrants in the program the Company shall reserve the right to repurchase warrants if the Participant's employment with the Company or the group terminates or if the Participant wishes to transfer warrants.

## **B. More detailed information about the warrant program**

### *1. Dilution*

If all 750,562 warrants M 2023/2026 are subscribed for and exercised, this will imply a dilution of approximately 3.54 percent of the total number of existing shares and votes in the Company, but with reservation for the recalculation of the number of shares that each warrant entitles to subscribe for that may take place as a result of certain issues, etc.

### *2. Other share based incentive programs*

At the time of the Annual General Meeting the Company has two outstanding share based incentive programs. The Company has one incentive program for management and employees (Series M 2021/2024) which encompass in total 891,068 subscribed for and fully paid warrants, and one for the Company's board members and chairman who are independent in relation to the Company and the largest shareholders (i.e. in relation to shareholders who control ten (10) percent or more of the

shares or votes in the Company) (Series B 2021/2024) which encompass in total 100,000 subscribed for and fully paid warrants. Except for the category of participants, the same terms apply for both programs which are summarized below. The Company has redeemed in total 217,360 of the warrants.

The warrants were subscribed for at market value amounting to SEK 0.69 per warrant, valued by an independent advisor based on the Black and Scholes valuation model. The programs have a term of three years and each warrant entitles the holder to subscribe for one share in the Company at a subscription price of SEK 23.63 during the period 1 March until 30 April 2024. If all warrants in both programs M 2021/2024 and B 2021/2024, which have not been subject to redemption, are exercised it will imply a dilution of approximately 3.65 percent of the total number of existing shares and votes in the Company, but with reservation for the recalculation of number of shares that each warrant entitles to which may take place in accordance with applicable warrant terms.

In the event that all of the Participants' warrants of series M 2021/2024 are redeemed in accordance with section 10 (ii) above, as well as all of the Participants' warrants of series B 2021/2024 are redeemed in accordance with the proposal in item 16 of the agenda, the total dilution of all incentive programs (B 2021/2024, M 2021/2024, B 2023/2026 and M 2023/2026) will be approximately 6.79 percent of the total number of existing shares and votes in the Company, but with reservation for the recalculation of number of shares that each warrant entitles to which may take place in accordance with applicable warrant terms.

### *3. Costs and effects on key figures, etc.*

The Company's earnings per share will not be affected by the issue since the warrants' strike price exceeds the current market value of the shares at the time of the issue. The Company's future earnings per share may be affected by the potential dilutive effect of the warrants in the event the Company reports a positive result and the strike price is lower than the market value. The warrants will be transferred at market value, which means that no taxable benefit value will arise and thus no social fees for the Company. The warrant program will give rise to certain, limited costs in the form of external consulting fees and administration of the warrant program.

### *4. Calculation of market value*

The preliminary market value has been established based on a calculated market value for the warrants, applying the Black & Scholes valuation model calculated by an advisor which is independent in relation to the Company.

### *5. Preparation of the proposal*

The incentive program has been prepared by the Board of Directors and external advisors. The Board of Directors has thereafter decided to submit this proposal to the general meeting. The Participants have not participated in the drafting of the terms.

### *6. Majority requirement*

For a decision in accordance with this proposal, the resolution must be supported by shareholders representing at least nine-tenths of both the votes cast and the shares represented at the Annual General Meeting.