



The Board of Directors' of Moberg Pharma AB (publ) (reg.no. 556697-7426) (the "Company") proposal for resolution on the implementation of a long-term incentive program and hedging arrangements in respect of the program (Item 14)

The Board of Directors proposes that the General Meeting resolves on:

- (A) implementation of a long-term incentive program 2021 ("LTI 2021" or the "Program") for employees and consultants in the Company; and
- (B) hedging arrangements in respect of the Program, consisting of:
 - (I) an authorization for the Board of Directors to decide on a directed issue of redeemable and convertible series C shares;
 - (II) an authorization for the Board of Directors to decide on a repurchase of series C shares; and
 - (III) transfers of own common shares to Program Participants (employees and consultants in the Company).

Should the majority requirement under item 14 (B) not be reached, the Board of Directors proposes that the General Meeting approves the Company to enter into an equity swap agreement with a third party (item 14 (C)).

Implementation of LTI 2021 (Item 14 (A))

The Board of Directors proposes that the General Meeting resolves on the implementation of the LTI 2021 in accordance with below.

Objectives and reasons for the proposal

The Annual General Meeting of Moberg Pharma has during a number of years resolved to implement long-term incentive programs. The Board of Directors has, when evaluating the previous incentive programs, concluded that it would be effective to resolve on implementing a new incentive program at the Annual General Meeting; adapting the structure with the aim of recruiting, rewarding and retaining valuable employees in a more appropriate manner and promote and create long-term participation in the Moberg Pharma group, thereby closely aligning the employees' interest with those of Moberg Pharma's shareholders. Consequently, the LTI 2021 substantially follows the structure of the LTI 2020 and is structured to create long-term incentives for members of the senior executives and other key employees in order to improve Moberg Pharma's development and create long-term values. In view of the terms proposed below, the size of the allotment and other circumstances, the Board of Directors assesses that the proposed Program is well-balanced and that it will be beneficial for the Company and its shareholders.

Description of LTI 2021

1. LTI 2021 shall comprise no more than 1,344,000 shares in Moberg Pharma, corresponding to approximately 2.9 percent of the total number of issued shares and votes in Moberg Pharma.¹

¹ Excluding dilution as a result of the exercise of warrants issued under previous incentive programs.



2. The LTI 2021 is proposed to include all current and future senior executives ("**Group 1**"), currently consisting of 7 people, together with other key employees, currently consisting of 7 people in total ("**Group 2**"), (jointly the "**Participants**").
3. It is proposed that the Program shall grant the possibility of allotment of Moberg Pharma shares free of charge ("**Performance Shares**"), subject to the fulfilment of, among other things, a performance target based on the share price development in Moberg Pharma during a certain measurement period ("**Performance Period**"). The Performance Period runs from and including the day for this Annual General Meeting up until and including the date of announcement of the year-end report for the financial year 2023 (i.e. in May 2024).
4. Under LTI 2021, the Participants will receive a certain number of rights free of charge, which entitle the Participants to receive a certain number of shares in the Company following the expiration of a vesting period of at least three years ("**Performance Share Rights**"). At the implementation of the Program, each Performance Share Right entitles the holder to one (1) Moberg Pharma share (subject to the achievement of the Program's performance targets). Any allotment of Moberg Pharma shares pursuant to Performance Share Rights will be subject to the achievement of performance targets, as set out below, and will generally require that the Participant retains his or her employment until 30 May 2024 (the "**Vesting Period**").
5. Within Group 1, the Board of Directors propose that Anna Ljung, Annica Magnusson, Cindy Wong, Mark Beveridge and Torbjörn Wårnheim shall be allotted 200,000 Performance Share Rights each and that Peter Wolpert and Amir Tavakkol shall be allotted 100,000 Performance Share Rights each.
6. In the other groups, allotment per Participant will depend on performance and position within the group and may not exceed 30,000 Performance Share Rights to Group 2 Participants.
7. The actual allotment of Performance Share Rights to Participants within the limits as set out above, is decided by the Board of Directors and may be reduced proportionally based on the respective person's performance and time as an employee and/or contractor in the Company.
8. The right to receive shares under the Performance Share Rights is linked to the employment at or the consulting agreement with the Company. Should the employment at the Company terminate due to redundancy, illness, retirement pursuant to a succession plan approved by the Company (or similar) the employee may keep the Performance Share Rights not yet vested pro rata in relation to the time passed since the date the Performance Share Rights were allotted until the termination date, and the remainder of the rights will lapse. Should the employment at the Company terminate due to any other reason, or if a consulting agreement with these companies is terminated, prior to the expiration of the Vesting Period, all Performance Share Rights will normally lapse. Performance Share Rights shall not constitute securities and may not be transferred, pledged or otherwise disposed of by the holder of Performance Share Rights.
9. Any allotment of Performance Shares (vesting) depends on the extent to which the performance target is met during the Performance Period, thereby establishing what portion (if any) of the Performance Share Rights that will give the Participants right to receive Moberg Pharma shares at the end of the Vesting Period. The performance target is determined by the Board of Directors



based measurable criteria. The target levels (the minimum- and maximum level) will be determined by the Board of Directors in connection to the commencement of the Performance Period. The Company will provide information to the shareholders regarding determined target levels for the performance target and to what extent the performance target has been achieved after the end of the Performance Period. In total not more than one (1) Performance Share per Performance Share Right may be allocated (disregarding any recalculation under the terms of the Program).

10. Provided that the performance targets above have been met during the Performance Period and the Participant has retained his or her employment (unless special circumstances are at hand), Performance Shares shall be allotted as soon as practicably possible following the expiration of the Vesting Period.
11. When determining the final vesting level of Performance Share Rights, the Board of Directors shall examine whether the vesting level is reasonable considering Moberg Pharma's financial results and position, conditions on the stock market and other circumstances, and if not, as determined by the Board of Directors, reduce the vesting level to the lower level deemed appropriate by the Board of Directors.
12. In order to align the Participants' and shareholders' interests, Moberg Pharma will compensate for dividends and other value transfers to the shareholders during the Vesting Period by increasing the number of shares to which each Performance Share Right entitles and/or by adjusting the Performance Target. The Performance Target and/or the number of Moberg Pharma shares which each Performance Share Right entitles the Participant to receive may be recalculated as a result of e.g. bonus issues, reverse splits or splits of shares, interim dividend, new share issues, reductions of the share capital, or similar actions. The transfer of shares may be accelerated as a result of any merger, change of control or similar actions.
13. The Board of Directors shall resolve on the detailed terms and conditions for the Program and, in the event of company related events, market conditions, local legislation or other rules, regulatory changes, or other events, the Board of Directors shall be entitled to make deviations from and adjustments of the terms and conditions of the Program (e.g. changes to the Investment Condition and holding requirement for Participants residing abroad) or settle all or part of the Performance Shares in cash.

Costs, dilution and effects on important key ratios

The costs of the Program, which are charged in the profit and loss account, are calculated in accordance with the accounting standard IFRS 2 and distributed over the Vesting Period. The calculation has been made based on the following assumptions: (i) a market price of the Moberg Pharma common share of SEK 5.82 based on the closing price as of April 15, 2021, (ii) no dividends are paid by Moberg Pharma during the Program and (iii) an assessment of total performance shares earned during the vesting period of 70 %, (iv) an employee turnover of 10 % per year. In total, this can lead to maximum costs for the Program of approximately SEK 3.8 million, excluding social security costs. The costs for social security charges are estimated to approximately SEK 2.3 million assuming an annual share price increase of 25 % during the Vesting Period.

The expected annual costs of the Program, including social security charges of approximately SEK 1.7 million, correspond to approximately 11 % of Moberg Pharma's total annual employee costs



Dilution

Upon full allotment of Performance Shares, the number of shares under the Program amounts to 1,344,000 common shares in Moberg Pharma, corresponding to a dilution effect of approximately 2.9 % of the share capital and votes based on the number of issued shares as per the day of this notice.

Preparation of the proposal, etc.

The proposal regarding LTI 2021 has been prepared by the Board of Directors in consultation with external advisors, and has been adopted by the Board of Directors.

The Board of Directors shall, within the framework of the above terms and conditions, be responsible for the implementation and management of the LTI 2021.

Description of ongoing variable compensation programs

Moberg Pharma's ongoing share-based incentive programs and variable compensation to senior executives are described in the annual report for 2020, in note 7 and 19 to the consolidated financial statements. The Board of Directors' accounts of the remuneration committee's evaluation of the principles for remuneration to senior executives which were published on Moberg Pharma's website, describes how Moberg Pharma applies its principles for remuneration to senior executives in accordance with the Swedish Corporate Governance Code.

Hedging arrangements in respect of the Program (Item 14 (B))

The Board of Directors has evaluated different methods to secure the financial exposure and transfer of shares in accordance with the LTI 2021, such as transfer of own shares and an equity swap agreement with a third party. The Board of Directors considers a directed issue of redeemable and convertible series C shares and transfer of such shares to the Participants (following conversion of the shares to common shares) to be the most cost-effective and flexible method for hedging the financial exposure and transfer of own shares under the LTI 2021.

The Board of Directors proposes that the main option to secure the financial exposure shall be transfer of own shares (item 14 (B)), since the cost associated with an equity swap agreement vastly exceeds the costs of transferring own shares.

Should the majority requirement under item 14 (B) not be reached, the Board of Directors proposes that the General Meeting approves the entering into an equity swap agreement with a third party (item 14 (C)).

At the Annual General Meetings following this Annual General Meeting, the Board of Directors will propose that it will be authorized to cover costs associated with the Program, mainly social security charges, by transferring a certain amount of own shares held by Moberg Pharma.

Authorization for the Board of Directors to resolve to issue redeemable and convertible series C shares (Item 14 (B) (I))

Authorization for the Board of Directors to resolve to issue redeemable and convertible series C shares, on one or more occasions, until the next Annual General Meeting.

The issue shall be effected on the following terms.

- The number of series C shares that may be issued may amount to no more than 1,344,000 shares.



- The new shares shall – with deviation from the shareholders' pre-emptive rights – be subscribed for only by an external party who has been informed in advance.
- The price to be paid for each new share shall correspond to the quotient value of the share at the time of the subscription of the shares.²
- The new shares will be subject to restrictions as set forth in Chapter 4, Section 6 (conversion provision) and Chapter 20, Section 31 (redemption provision) of the Swedish Companies Act (SFS 2005:551).

Authorization for the Board of Directors to resolve to repurchase all issued redeemable and convertible series C shares (Item 14 (B) (II))

Authorization for the Board of Directors to resolve to repurchase all issued redeemable and convertible series C shares in the Company on the following terms.

- Repurchase may be effected through a public offer directed to all owners of series C shares in the Company.
- The authorization is valid and may be exercised on one or several occasions until the Annual General Meeting 2022.
- The number of series C shares permitted to be repurchased shall amount to no more than 1,344,000.
- Repurchase of shares shall be made at a lowest price per share of 100 % and a highest price of 105 % of the quotient value, applicable at the time of the subscription of shares according to item 14 (B) (I) above.
- Payment for shares repurchased shall be made in cash.
- The Board of Directors shall be authorized to establish additional terms for the repurchase.
- The authorization shall also be valid for repurchase of so-called interim shares, designated by Euroclear Sweden AB as a "paid subscription share" (Sw. BTA) relating to a series C share.

The repurchase of own shares is an integrated part of the hedging arrangements for the Program. The reason for the proposed authorization to repurchase own shares is for the Company to be able to fulfil its obligations pursuant to the Program in a cost effective manner.

Resolution on transfer of own common shares to Participants in the Program (Item 14 (B) (III))

The Board of Directors proposes that the shares issued and repurchased in accordance with item 14 B (I) and (II) (together with such own shares already held by the Company), after being converted into common shares, may be transferred to the Participants of the Program.

² As per the day of this notice, the share's quotient value is SEK 0.10.



Resolution on transfers of the Company's own common shares to Program Participants shall be made on the following terms.

- Transfer of shares may only be made of common shares in the Company, whereby a maximum of 1,344,000 common shares in the Company may be transferred free of charge to Program Participants.
- Right to purchase common shares in the Company free of charge shall – with deviation from the shareholders' pre-emptive rights – be granted to the Participants in the Program.
- Transfers of common shares in the Company shall be made free of charge at the time and on the other terms that the Program Participants are entitled to be allotted shares.
- The number of common shares in the Company that may be transferred under the Program will be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.

Entering into an equity swap agreement with a third party (Item 14 (C))

Should the majority required under item 14 (B) above not be reached, the Board of Directors proposes that the General Meeting resolves that the expected financial exposure of the Program shall be hedged by the Company by entering into an equity swap agreement with a third party on terms in accordance with market conditions, whereby the third party in its own name shall be entitled to acquire and transfer common shares in the Company to the Participants of the Program.

Conditions

The General Meeting's resolution on the implementation of LTI 2021 according to item 14 (A) above is conditional upon the meeting either resolving in accordance with the Board of Directors' proposal under item 14 (B) above or in accordance with the Board of Directors' proposal under item 14 (C).

Majority requirements

The General Meeting's resolutions according to item 14 (A) above require a simple majority among the votes cast. A valid resolution under item 14 (B) above requires that shareholders representing not less than nine-tenths of the votes cast as well as of the shares represented at the meeting approve the resolution. A valid resolution under item 14 (C) above requires a simple majority among the votes cast.

The issue, repurchase and the transfer of common shares in the Company form part of the proposed Program. Therefore, and in light of the above, the Board of Directors considers it benefit for the Company and the shareholders to offer the Program's Participants the opportunity to become shareholders in the Company.

For the purpose of minimizing the Company's costs for the Program, the subscription price has been set at the quotient value of the share.

Stockholm in April 2021
Moberg Pharma AB (publ)
The Board of Directors