

**BIOINVENT INTERNATIONAL AB (PUBL)  
PROPOSAL BY THE BOARD OF DIRECTORS ON RESOLUTIONS  
REGARDING**

**A. Implementation of Option Program 2017/2020**

**B. Directed issue of warrants and approval of transfer of warrants to fulfil the company's commitments under the option program and to secure social security charges**

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**Background and motive**

The Board of Directors of BioInvent International AB ("**BioInvent**") proposes that the Extraordinary General Meeting (the "**EGM**") to be held on 24 January 2017 resolves to implement a long-term incentive program in the form of an option program, comprising the management and other key persons.

The purpose of the proposed option program – "**Option Program 2017/2020**" – is to secure a long-term commitment from the management and other key persons working for BioInvent through a remuneration system that is linked to the company's future value growth.

Through the implementation of a new share related incentive program, the long-term value growth of BioInvent is rewarded, which entails joint interests and goals for the company's shareholders and its employees. Such incentive program may also be expected to improve BioInvent's capabilities to recruit and keep competent co-workers.

To secure BioInvent's commitments under Option Program 2017/2020 and the social security contributions connected therewith, the Board also proposes that the EGM resolves on a directed issue of warrants and to approve the transfer of warrants in accordance with item B below.

In view of the proposed terms set forth below, the size of the allotment and other circumstances, the Board assesses that Option Program 2017/2020 is well-balanced and that it will be of benefit to BioInvent and its shareholders.

**A PROPOSAL BY THE BOARD OF DIRECTORS ON RESOLUTION  
REGARDING IMPLEMENTATION OF OPTION PROGRAM 2017/2020**

The Board proposes that the EGM resolves to implement Option Program 2017/2020, according to the following main principles:

1. The Option Program shall comprise maximum 5,650,000 options.
2. Each option shall entitle the holder to subscribe for one (1) new share in BioInvent at a subscription price equivalent to 130 per cent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm (the "**Stock Exchange**") during ten trading days as from and including 16 February 2017 (i.e. the first trading day after the publication of the company's 2016 year-end report) (the "**Subscription Price**"). The calculated Subscription Price shall be rounded off to the nearest cent (*Sw. öre*), whereby 0.5 öre shall be rounded up. The Subscription Price and the number of shares that each option entitles the holder to subscribe for may be subject to conversion pursuant to a bonus issue, share split, rights issue and similar actions, whereby customary conversion terms shall be applied.
3. The Option Program shall comprise the management and other key persons employed by the company or otherwise retained to execute tasks of material importance to BioInvent.
4. The options will be received by each participant according to the following:

CEO:	max. 848,000 options
Members of management (currently 5 persons):	max. 565,000 options
Other key persons (currently 3 persons):	max. 565,000 options
5. Employees will vest 50% of the options based on performance during each of the financial years 2017, 2018 and 2019, and 50% based on the company's long-term value growth during the term of the program. The performance criteria for the participants shall be based on the same criteria as for the annual bonus, which principally are based on fixed technical milestone-criteria in projects, criteria for development of the project portfolio and other pre-determined criteria attributable to the business. The outcome criteria for the company's long-term value growth are that the company's market cap shall be at least three times as large during the period 1 July – 31 December 2019, calculated as an average in the same manner as the Subscription Price, in comparison with the market cap during the measure period for determination of the Subscription Price, calculated correspondingly. Allotment shall be proportional in relation to the period of employment during the year in question.

Vesting for other key persons shall amount to one third for each of the financial years 2017-2019 and be based on the assessment by the Board as to whether and to what extent the relevant person has contributed positively to the fulfilment of goals to be achieved by the relevant person and to the general development of the company during the respective financial year.

The Board shall decide on allotment of vested options based on the criteria above in connection with the adoption of the year-end report for the financial year 2017, 2018 and 2019, respectively.

6. The options shall be allotted free of charge.
7. The option holders may exercise allotted options as from the day of release of the company's year-end report for the financial year 2019 up to and including 15 December 2020.
8. Allotted warrants are non-transferable.
9. If the option holder's employment with or assignment for BioInvent is terminated by the participant or due to the participant's breach of contract, all options shall immediately expire and cannot be exercised thereafter. If the employment or the assignment is terminated or for any other reason ceases to be valid, vested and allotted (vested) options may be exercised whereas the right to options not yet allotted (vested) will expire. The Board shall be entitled to resolve upon another application in individual cases.
10. Participation in Option Program 2017/2020 requires that such participation is legal, and that such participation, according to the assessment of BioInvent, can be made with reasonable administrative costs and economic efforts.
11. In other respects the Board shall establish the general terms for participation in the program.

**B. DIRECTED ISSUE OF WARRANTS AND APPROVAL OF TRANSFER OF WARRANTS TO SECURE THE COMPANY'S COMMITMENTS UNDER OPTION PROGRAM 2017/2020 AND SOCIAL SECURITY CHARGES**

To enable BioInvent's delivery of shares pursuant to Option Program 2017/2020 and to secure costs connected therewith, primarily social security charges, the Board proposes that the EGM resolves on a directed issue of warrants and to approve the transfer of warrants on the following terms:

1. A maximum of 7,117,000 warrants shall be issued.
2. Right to subscribe shall, with deviation from the preferential right for existing shareholders, reside in BioInvent's wholly owned subsidiary BioInvent Finans AB (the "**Subsidiary**").
3. Subscription of the warrants shall be made on a separate subscription list no later than 24 July 2017.
4. The warrants shall be issued free of charge.
5. Each warrant shall entitle the holder to subscribe for one (1) new share.

6. The Subscription Price per share shall be equivalent to 130 per cent of the volume-weighted average price paid for the company's share on the Stock Exchange during ten trading days as from and including 16 February 2017 (i.e. the first trading day after the publication of the company's 2016 year-end report). The calculated Subscription Price shall be rounded off to the nearest cent (*Sw. öre*), whereby 0.5 cent shall be rounded up. The Subscription Price and the number of shares that each warrant entitles the holder to subscribe for may be subject to conversion pursuant to a capitalization issue, share split, rights issue and similar actions, whereby customary conversion terms shall be applied.
7. Subscription of shares in the company by virtue of the warrants shall be made no later than 15 December 2020.
8. Shares issued following exercise of warrants during a certain financial year shall entitle to dividend for the first time on the record day for dividend which occurs following registration of the shares with the Swedish Companies Registration Office.
9. The complete terms and conditions for the warrants are set out in "*Terms of the BioInvent International AB warrants 2017/2020*".

The reason for the deviation from the shareholders' preferential right is that the issue forms part of the implementation of Option Program 2017/2020. In view of what is set forth under background and motive above, the Board is of the opinion that it is of benefit to BioInvent and its shareholders that management and other key persons are offered to participate in Option Program 2017/2020.

The Board further proposes that the general meeting resolves to approve that the Subsidiary transfers warrants to participants in Option Program 2017/2020 and otherwise disposes of the warrants in order to secure the company's commitments and costs in connection with Option Program 2017/2020.

Finally, the Board proposes that the Board, or anyone appointed by the Board, should be authorised to make such minor adjustments to the above proposal that may be necessary in connection with the registration procedures with the Swedish Companies Registration Office, and possible registration of the warrants with Euroclear.

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### **Costs for Option Program 2017/2020**

The Board expects that Option Program 2017/2020 will lead to costs. Based on the assumption that 100 per cent of the options in the program will be earned, the salary cost in the accounts pursuant to IFRS 2 is expected to amount to approximately SEK 4.0 million in total during the period 2017-2020 based on the options actual value at the start of the program. The options have no market value as they are non-transferable. However, the Board has assessed a theoretical value of the options through application of the Black & Scholes valuation model (in relation to the performance criteria) and the

Monte Carlo model (in relation to the value growth criteria). The calculations have been based on an assumed share price of SEK 3.30 and an assumed volatility of 50%. The value of the options of Option Program 2017/2020 pursuant to this valuation is approximately SEK 0.90 per option with the application of the Black & Scholes formula and approximately SEK 0.45 per option with the application of the Monte Carlo model. The transfer restrictions have not been taken into account in the valuation. The actual IFRS 2 cost during the earning period depends on how many options that are earned and of the options' value at two additional valuation points, in the beginning of 2018 and of 2019, respectively.

At fulfilment of the vesting conditions and exercise of the options, Option Program 2017/2020 will lead to costs in the form of social security charges. The total costs for social security charges during the earning period depends on how many options that are earned and the benefit that the participant receive in the end, i.e. the value of the options at exercise during 2020. Based on the assumption that 100 per cent of the options in the program will be earned, an assumed Subscription Price of SEK 4.29 and an assumed share price of SEK 9.90 at the exercise of the options, the costs for social security charges will amount to approximately SEK 8.2 million. The company's total cost for social security charges is proposed to be secured through a directed issue of warrants pursuant to item B above.

### **Dilution and effects on key figures**

Option Program 2017/2020 comprises the issuance of maximum 7,117,000 warrants, of which 5,650,000 warrants to secure BioInvent's commitments towards the participants in the program and 1,467,000 warrants to secure costs for social security charges. At full exercise of all issued warrants under Option Program 2017/2020 for subscription of new shares, BioInvent's share capital will increase by SEK 569,360 into SEK 24,944,977. This corresponds to approximately 2.3 per cent of the shares and votes in the company after full exercise. The warrants of Option Program 2017/2020 would have affected the key figure earnings after tax per share (2015) by SEK -0.03.

Previous and still outstanding employee incentive program 2013/2017 (personnel options) comprises maximum 357,718 new shares in BioInvent (including a hedge for social security charges) at a subscription price of SEK 2.92 per share. At the assumption that all warrants are exercised for subscription of new shares, the company's share capital will increase by SEK 28,617, which is equivalent to approximately 0.1 per cent of the shares and votes in the company after full exercise. Some of the persons proposed for participation in Option Program 2017/2020 are also participants in employee incentive program 2013/2017.

Previous and still outstanding employee incentive program 2016/2019 (warrants) comprises maximum 2,650,000 new shares in BioInvent at a subscription price of SEK 2.81 per share. At the assumption that all warrants are exercised for subscription of new shares, the company's share capital will increase by SEK 212,000, which is equivalent to approximately 0.8 per cent of the shares and votes in the company after full exercise. One of the members of the management who is proposed for participation

in Option Program 2017/2020 is also a participant in employee incentive program 2016/2019.

### **Preparation of the issue**

The above proposal for Option Program 2017/2020 has been prepared by the Board and its Remuneration Committee in consultation with certain large shareholders and external advisors. The CEO has to some extent participated with opinions regarding the structure of the plan.

Documentation pursuant to Chapter 14 Section 8 of the Swedish Companies Act has been prepared.

### **Majority requirements**

The Board's proposal for a resolution regarding Option Program 2017/2020 and the necessary security measures connected thereto pursuant to items A and B above form one combined proposal. Therefore, it is proposed that the resolutions of the EGM under item A and B are passed as one single resolution, pursuant to the majority provisions of chapter 16 of the Swedish Companies Act, meaning that shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the general meeting must vote for the proposal.

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Lund in December 2016  
BIOINVENT INTERNATIONAL AB (publ)  
*The Board of Directors*