

## **Shareholders' in EWPG Holding AB (publ) proposal for resolution on implementation of long-term incentive program for the board of directors and certain consultants including (i) directed issue of warrants, and (ii) a) approval of transfer of the warrants to members of the board of directors, and b) approval of transfer of the warrants to external consultant**

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Shareholders in EWPG Holding AB (publ), reg. no. 559202-9499 (the "**Company**"), proposes that the annual general meeting resolves to implement a long term incentive program ("**LTIP**") by an issue of warrants, including approval of transfer of the warrants as set out below ("**Long term incentive program 2020/2024:B**"). The warrants shall entail the right to subscribe for new shares in the Company. The warrants also apply to the terms and conditions, including the subscription price and the period within which the warrants may be exercised, as set out in Appendix A.

### Background

This proposal on implementation of a LTIP and the issue of warrants has been presented as some of the shareholders (the "**Shareholders**") considers it important and in the interests of all shareholders to facilitate participation for the board of directors and external certain consultants regarding the Company's and the Group's development and ensure that these individuals share the goal of generating value-adding growth. It is also important to justify continued assignments. The Shareholders therefore proposes that the annual general meeting decide on the issue of warrants as follows below.

### Terms for the issue

1. The Company shall issue not more than 527,922 warrants. Each warrant entitle the holder to subscribe for one (1) share in the Company, each with a quotient value of SEK 0.02, and upon full exercise of the warrants the Company's share capital may thus increase by SEK 10,558.44 (provided that no re-calculation has been made at the time of exercise of the warrants which may affect the increase in share capital as a result of the proposed terms for the warrants).
2. The warrants may, with deviation from the shareholders' preferential rights, only be subscribed for by the Company or its subsidiary Eco Wave Power Ltd., reg. no. 514593722 (the "**Subsidiary**") (together the "**Group**"), after which the Company/Subsidiary shall transfer the warrants to members of the Company's Board ~~(not including Inna Braverman and David Leb)~~ and to certain external consultants hired by the Company (the "**Participants**").
3. The Company's/Subsidiary's subscription of the warrants shall be made on a special subscription list within thirty (30) calendar days from the date of the general meeting that resolves on the issue.
4. The warrants are issued without consideration (i.e. free of charge) to the Company/Subsidiary. The premium, upon transfer of the warrants, shall correspond to

the market value of the warrants calculated by an independent expert using an accepted valuation method (Black & Scholes valuation formula). Thus, for the warrants that the Company/Subsidiary transfers to the Participants, the Participants shall pay a premium corresponding to the market value of the warrants at the respective transfer date.

5. The warrants may be exercised for subscription of new shares during the period from and including 26 June 2024 until and including 31 December 2024. The maturity is thus about four (4) years from the date of issue. The warrants may not be exercised for subscription of new shares during the so called "closed periods" according to the EUs Market Abuse Regulation, or otherwise in violation with applicable rules regarding insider information (including the Company's own guidelines in this regard). Any warrants that have not been exercised for subscription of shares as of 31 December 2024 will expire.
6. Each warrant shall entitle the warrant holder to subscribe for one new share in the Company at a subscription price per share amounting to SEK 9.38.
7. The new shares entitle the holder to a dividend as from the record date closest after the new shares have been registered in a securities account.
8. The warrants shall be transferred to the Participants in accordance with what is stated below.
9. For the warrants certain conditions shall apply, amongst other things customary re-calculation terms.

Guidelines for the Company's/Subsidiary's transfer of warrants

The warrants shall be offered for the acquisition to the persons included in the table below with the stated maximum allocation:

<b>Cateogry</b>	<b>Maximum number of warrants in each category</b>
<b>The board*</b>	439,935
<b>Consultants</b>	87,987

\* Refers to current members of the board (excluding Inna Braverman and David Leb) as of the day prior to the annual general meeting of 2020, under the premise that these members are re-elected at the annual general meeting of 2020.

The shareholders propose that the shareholders' meeting resolve to approve the Company's/Subsidiary's:

- a) Transfer of not more than 439,935 warrants to members of the board of directors in accordance with the above table; and
- b) Transfer of not more than 87,987 warrants to consultants in accordance with the above table.

Only those persons who are included in the said categories shall be offered the right to acquire warrants. In the event of re-calculation, the Participants in each category shall have the right to acquire the same number of warrants.

Allocation of warrants to Participants outside Sweden shall – where applicable – be dependent on fiscal effects, that there are no legal obstacles and that such allocation can be made with reasonable administrative and financial resources.

Participants may exercise their warrants through a so called “cashless-exercise”, whereby a lower number of shares can be subscribed for at a strike price corresponding to the share’s quota value.

#### Reasons for the deviation from the shareholders’ preferential rights

The reason for the deviation from the shareholders' preferential rights is to create involvement for the Participants in terms of the Company's and the Group's development and to ensure that these individuals share the goal of generating value-adding growth, and to motivate continued assignments.

The warrants are proposed to be issued to the Company and/or its Subsidiary for subsequent transfer to the Participants of the LTIP.

#### Dilution, costs etc.

The company has a total share capital of SEK 703,896.88 divided into a total of 35,194,844 shares. Each share entitles to one vote in the Company. There are no outstanding share related incentive programs or instruments in the Company.

When fully exercised the warrants under this proposal will lead to 527,922 new shares being issued in the Company (with reservation for potential re-calculations in accordance with customary terms for the warrants), resulting in a dilution of approximately 1.47 per cent, as far as the Company's share capital and voting rights/number of shares are concerned. The dilution effect has been calculated as the number of additional shares respectively votes at full exercise in relation to the sum of the current number of shares respectively votes, and the number of additional shares respectively votes at full exercise.

Upon full exercise of the warrants under this proposed LTIP for the board of directors and consultants and full exercise of the warrants under to the board of directors’ proposed incentive program for the employees (both incentive programs to be treated at the annual general meeting of 2020) a total of 1,583,767 new shares will be issued in the Company, resulting in a dilution of approximately 4.3 per cent as far as the Company’s share capital is concerned, as well as total share/voting rights. The dilution effect has been calculated as the number of additional shares respectively votes at full exercise in both incentive programs in relation to the sum of the current number of shares respectively votes, and the number of additional shares respectively votes at full exercise in both incentive programs.

Due to the fact that the warrants will be acquired at market price in accordance with an established valuation model, no special social security fees are expected to arise for the Group. However, it should be noted that applicable tax procedures in different jurisdictions could be altered. The external costs that arise as a result of the LTIP are mainly costs for valuation, advice and for registration and practical management of the program. Ongoing costs for administration and other costs are marginal.

The LTIP is expected to have a limited effect on the Company's key performance indicators.

A preliminary valuation of the warrants market value is SEK 0.23 per warrant for the subscription period, under the assumption of an underlying market value of SEK 5.2 per share. Black & Scholes valuation formula has been used when valuing the warrants, with the assumption of a risk free interest of -0.026 per cent and a volatility of 26 per cent.

#### Warrant agreements

All warrants will be regulated by warrant agreements which will be entered into between each Participant and the Company. The warrants will contain customary conditions for such agreements, whereby some differences may occur due to national legal requirements.

#### Preparation of the proposal

The proposed LTIP has been prepared by the Shareholders in consultation with external advisors. No member of the Company's board of directors has been involved in the proposal's handling.

#### Miscellaneous

It is proposed that the annual general meeting resolve to: (i) adopt the LTIP described above and decide on the issue of warrants on the above terms, and (ii) a) approval of the Company's/Subsidiary's transfer of warrants to members of the board of directors, and (ii) b) approval of the Company's/Subsidiary's transfer of warrants to consultants.

The CEO, or a person appointed by the CEO shall have the right to make the minor adjustments required to register the resolution, and CEO shall have the right to make the minor adjustments required in the LTIP in order to be conformal with applicable foreign laws and regulations.

#### Majority requirements

The resolution according to this proposal is subject to the regulations in chapter 16 in the Swedish Companies Act (2005:551), thus a valid resolution only exists if it is supported by shareholders with at least nine tenths (9/10) of both the votes cast and the shares represented at the meeting.

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Stockholm in June 2020

