

## **Notice of Annual General Meeting in Arcane Crypto AB**

The shareholders in Arcane Crypto AB, Reg. No. 556668-3933, (the “**Company**”) are hereby summoned to the Annual General Meeting on Friday, 21 May 2021 at 10:00 at Törngren Magnell & Partners Advokatfirma KBs premises, Jakobs Torg 3, 111 52 Stockholm.

### **Notice of participation and registration**

Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB as of 12 May 2021. Furthermore, shareholders who wish to participate in the Annual General Meeting must notify the Company no later than 14 May 2021 of their participation. Notice of participation shall be made:

- by mail to Box 12172, 102 25 Stockholm, or
- by e-mail to [post+egm@arcanecrypto.se](mailto:post+egm@arcanecrypto.se)

The notice of participation must state name, personal identification number or corporate registration number, postal address, a daytime telephone number, shareholding and, where appropriate, information about any proxy or shareholder assistants. Shareholders may bring a maximum of two assistants, provided that their attendance is notified as above.

### **Nominee-registered shares**

In order to be entitled to participate in the Annual General Meeting, a shareholder whose shares are nominee-registered with a bank or other nominee must, in addition to giving notice of participation in the Annual General Meeting, register its shares in its own name so that the shareholder is registered in the share register kept by Euroclear Sweden AB as of the record date on 12 May 2021. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee’s routines at such a time in advance as decided by the nominee. Voting rights registrations made no later than the second banking day after 12 May 2021 are taken into account in the presentation of the share register.

### **Authorised representatives and proxy forms**

Shareholders represented by proxy must issue a written, signed and dated power of attorney for the proxy. The power of attorney must not have been issued more than one year before the date of the Annual General Meeting, unless the power of attorney provides for a longer period, however, not exceeding five years from issuance. The original power of attorney as well as registration certificate and other authorization documents, evidencing the authorised representative, should reach the Company at the above address no later than 20 May 2021.

A proxy form is available on the Company’s website, [investor.arcanecrypto.se](http://investor.arcanecrypto.se).

### **Postal voting**

In order to reduce the risk of spread of infection, the Board of Directors has, in accordance with the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations, resolved that the shareholders may exercise their voting rights by post before the Annual General Meeting as an alternative to physical attendance. Postal voting forms will be available on the Company’s website, [investor.arcanecrypto.se](http://investor.arcanecrypto.se), no later than one week prior to the Annual General Meeting.

Shareholders who wish to use the opportunity to vote by post shall use the postal voting form which will be available on the Company's website, investor.arcanecrypto.se, no later than one week prior to the Annual General Meeting. The shareholder may not provide the postal vote with any special instructions other than checking one of the given alternatives in each proposal. The shareholder may also abstain from voting in any given proposal. If the shareholder has provided the postal vote with special instructions or conditions, or made adjustments or additions to the printed text, the vote (i.e. the postal vote in its entirety) is invalid.

The completed and signed postal voting form and, where applicable, relevant authorization documents, must be sent to the Company by post to Box 12172, 102 25 Stockholm or by e-mail to post+egm@arcanecrypto.se. The documents must be received by the Company no later than 20 May 2021. Further instructions and conditions can be found in the postal voting form.

## **Proposed agenda**

- 1 Opening of the Annual General Meeting
- 2 Election of Chairman of the Annual General Meeting
- 3 Election of keeper of the minutes
- 4 Preparation and approval of the voting list
- 5 Approval of the agenda
- 6 Election of one or two persons who shall attest the minutes of the meeting
- 7 Determination of whether the Annual General Meeting has been duly convened
- 8 Submission of the annual report and the auditor's report, as well as the consolidated financial statements and the consolidated auditor's report
- 9 Resolution
  - a) on adoption of the income statement and the balance sheet, as well as of the consolidated income statement and the consolidated balance sheet,
  - b) on appropriation of the company's results according to the adopted balance sheet, and
  - c) on discharge from liability for the members of the Board of Directors and for the Managing Director
- 10 Determination of the number of Board members and auditors
- 11 Determination of fees to the Board of Directors and the auditors
- 12 Election of Board of Directors and auditor
- 13 Resolution on adoption of incentive program
- 14 Resolution on adoption of Nominating Committee and instructions for the Nominating Committee
- 15 Resolution on authorization for the Board of Directors to resolve on issue of shares etc.
- 16 Closing of the Annual General Meeting

## **Proposals to resolution**

### **Item 2 – Election of Chairman of the Annual General Meeting**

It is proposed that advokat Johan Wigh be elected Chairman of the Annual General Meeting, or in the event of his absence, the person designated by the Board of Directors instead.

### **Item 3 – Election of keeper of the minutes**

It is proposed that Hanna Hillgren be elected keeper of the minutes, or in the event of her absence, the person designated by the Board of Directors instead.

**Item 4 – Preparation and approval of the voting list**

The voting list proposed for approval is the voting list prepared based on shareholders that are present and entitled to vote and on the General Meeting share register and received postal votes.

**Item 6 – Election of one or two persons who shall attest the minutes of the meeting**

It is proposed that Sebastian Nordvang and Lars Ørving Eriksen be elected to attest the minutes of the meeting, or in the event of absence of any or both, the person or persons designated by the Board of Directors instead.

**Item 9 b) – Resolution on appropriation of the company's results in accordance with the approved balance sheet**

The Board of Directors proposes that no dividend is paid and that available profits are carried forward.

**Item 10 – Determination of the number of Board members and auditors**

Proposal for the number of Board members will be available from the Company and on the Company's website, investor.arcanecrypto.se, no later than one week prior to the Annual General Meeting.

It is proposed that the Company shall have one auditor without deputies.

**Item 11 – Determination of fees to the members of the Board of Directors and the auditors**

Proposal for fees to the Board members will be available from the Company and on the Company's website, investor.arcanecrypto.se, no later than one week prior to the Annual General Meeting.

The auditor's fees are proposed to be paid as per approved invoice.

**Item 12 – Election of Board of Directors and auditors**

Proposal for election of Board members will be available from the Company and on the Company's website, investor.arcanecrypto.se, no later than one week prior to the Annual General Meeting.

Furthermore, it is proposed that RSM Stockholm AB be elected as auditor for the period until the end of the next Annual General Meeting. The Authorized Public Accountant Karl-Henrik Westlund will be the auditor in charge.

**Item 13 – Resolution on incentive program 2021 and issue of warrants and employee stock options  
Background and reasons**

The board of directors proposes that the general meeting resolves to implement a long term incentive program for employees within the Company ("LTI 2021"). The purpose with the proposal is to create conditions to retain and increase motivation with senior executives, employees and other key individuals in the Company. The board of directors believes that it is in the interest of all shareholders that senior executives, employees and other key individuals, which are assessed to be of importance for the development of the Company, have a long-term interest of a positive value growth in the Company's shares. Through the program, a long-term ownership engagement is expected, which stimulates an increased interest in the business and the earnings development in general as well as increasing the motivation for the participants.

In the light of the above, the board of directors proposes that the general meeting resolves to implement the incentive program LTI 2021 in accordance with item 13 (a) – 13 (d) below. The resolutions under item 13 (a) – 13 (d) below are proposed to be conditional upon each other and for that reason it is proposed that all resolutions are to be passed as one resolution. LTI 2021 is proposed to include up approximately 29 current and future employees within the Company.

#### **Item 13 (a) - Proposal regarding the adoption of LTI 2021**

LTI 2021 comprises two (2) series. Series 1 consists of warrants to be transferred to employees within Arcane Crypto in Sweden. The warrants of Series 1 have a term of three (3) years. For series 1 the holders are entitled to exercise the warrants to subscribe for shares during a period of two (2) months after the expiry of the term. Series 2 comprise of employee stock options which will be granted to employees within Arcane Crypto in the UK and Norway.

The board of directors therefore proposes that the general meeting resolves to issue not more than 198,280,952 warrants, of which not more than 28,519,862 warrants may be issued in Series 1 and not more than 169,761,090 warrants may be issued in Series 2. The right to subscribe for the warrants of Series 1-2 shall belong to the Company, which shall transfer the warrants of Series 1 to employees and hold warrants of Series 2 to ensure delivery of shares upon exercise of employee stock options in Series 2. Each warrant entitles the holder to subscribe for one (1) share in the Company.

Below is a description of the terms and conditions for each of the options Series 1-2.

##### **Series 1 – Warrants**

The Company will transfer the warrants in Series 1 to participants at a price corresponding to the market value of the warrant (the warrant premium).

Each warrant of Series 1 entitles the holder to subscribe for one (1) share in the Company during the call period at an exercise price corresponding to 130 per cent of the volume-weighted average price for the Company's share on Nasdaq Stockholm during the period commencing on May 24th 2021 up to and including June 4th 2021. However, the exercise price may not be less than the share's quota value. Day without price quotation shall not be included in the calculation.

The call period for exercising the warrants for subscription of shares is during the period commencing on August 12th 2024 up to and including October 12th 2024,

The issued warrants of Series 1 shall, with deviation from the shareholders' preferential rights, be able to be subscribed for by the Company whereafter the warrants shall be offered to the participants. The notification of acquisition of the warrants shall take place during the period from June 7th 2021 to August 9th 2021. Transfer of the warrants from Series 1 shall be made at a price corresponding to the market value of the warrants (the warrant premium) calculated according to an established method of valuation (the Black & Scholes valuation model). The warrant premium will be determined in connection to the start of the subscription period, applying the Black & Scholes valuation model. The board of directors of the Company shall be authorized to extend the period during which notice of acquisition must take place. Warrants shall also be available to future new employees. For acquisitions made by future new employees the terms shall be the same or equal to the terms that are stated in this resolution. This means, inter alia, that such acquisitions shall take place based on the, at that time, going market value and that the board of directors shall set forth an notice of acquisition period for new employees whose acquisition takes place after the initial notice of acquisition period. The valuation of the warrants shall be made by an independent appraiser or audit firm. The Company shall in

connection with the transfer of the warrants to the participants reserve a pre-emption right regarding the warrants if the participant's employment or assignment within the group is terminated or if the participant wishes to transfer its warrants.

In order to encourage participation in the Program, the Board of Directors is authorized to resolve on a subsidy in the form of gross salary additions, maximum corresponding to the premium paid for each warrant.

#### Series 2 – Employee stock options (with warrants as hedging arrangement)

Each employee stock option entitles the employee to acquire one (1) share in the Company in accordance with the following terms and conditions:

- The employee stock options of Series 2 will be granted without consideration;
- The employee stock option of Series 2 entitles the holder to acquire one (1) share in the Company at an exercise price corresponding to 130 per cent of the volume-weighted average price for the Company's share on Nasdaq Stockholm during the period commencing on May 24th 2021 up to and including June 4th 2021. However, the exercise price may not be less than the shares quota value. Day without quotation price shall not be included in the calculation;
- The employee stock options of Series 2 entitles the holder to acquire shares during the period commencing on August 12th 2024 up to and including October 12th 2024;
- As a general rule, the employee stock options shall only be available to be exercised if the holder is still an employee within the Company. Depending on the circumstances, the board of directors is entitled to make discretionary decisions in accordance with the LTI 2021 terms and conditions.

#### **Recalculation due to split, consolidation, new share issue etc.**

The exercise price for Series 1-2 as set out above, shall be rounded to the nearest SEK 0.10 whereby SEK 0.05 shall be rounded upwards. The exercise price and the number of shares that each warrant entitles to subscription for shall be recalculated in the event of a split, consolidation, new share issue etc. in accordance with customary re-calculation terms. If the warrants of Series 1-2 are completely exercised the Company's share capital will increase with SEK 723,472.43871.

#### **Allocation of warrants and employee stock options**

The participants' right to acquire warrants and employee stock options (together "Options") have been distributed with reference to position, responsibility and working performance in the group and the participants have for this reason been divided into three categories:

- i. Group 1: CEO and Senior Executives consisting of up to **4** positions, of which each may be offered a maximum of **12,222,798** Options, totalling a maximum of **48,891,192** options; and
- ii. Group 2: Team Leaders consisting of up to **5** positions, of which each may be offered a maximum of **8,148,532** Options, totalling a maximum of **40,742,660** options; and
- iii. Other employees and key individuals consisting of up to **20** individuals, of which each may be offered a maximum of **5,432,355** options, totalling a maximum of **108,647,100** Options.

The right to receive warrants for employees within Sweden requires that the participant enter into a preemption agreement with the Company. Preemption shall be made at market value. The warrants are otherwise freely transferable. The right to receive employee stock options of Series 2 shall accrue to employees in Norway and the UK.

### **Costs**

The incentive program is expected to have a marginal effect on the Company's adjusted EBITDA per share. Given that the warrants of Series 1 shall be transferred at a price corresponding to the market value of the warrants, no significant costs will arise for the Company in connection with the transfer of warrants to the participants. The market value of the warrants is, in accordance with a preliminary valuation made based on a market value on the underlying share corresponding to SEK 0.17 per warrant for assuming an exercise price of SEK 0.36 per share. The Black & Scholes valuation model has been used for valuing the warrants, assuming a risk free interest of -0.1 per cent and a volatility of 100 per cent. Given that the Company allocate subsidy corresponding to warrant premium to participants under Series 1, social costs amount to approximately 1.5 MSEK, given tax rate for social costs amount to 31.42%.

Costs related to LTI 2021 will be accounted for in accordance with K3 which stipulates that the subsidy allocated for Series 1 and employee stock options allocated for Series 2 shall be recorded as a personnel expense in the income statement during the vesting period. The total costs for the subsidy and the employee stock options are expected to amount to approximately MSEK 43 during the term of the program, assuming share price at exercise is SEK 0.7 and tax rate for social costs amount to 31.42% for Swedish employees and c. 14% for non-Swedish employees.

### **Effect on important key ratios**

The annual costs for LTI 2021 amount to approximately 134 per cent of the Company's personnel costs for the financial year 2021. (The company's average number of employees during 2020 was 11.3 people. As of May 31, 2021, the company has 29 employees. The Company has announced that it intends to significantly strengthen the organization by increasing the number of employees.) The majority of the costs does not have an impact on the Company's cash flows.

### **Dilution**

Upon exercise of all warrants in LTI 2021 up to 222 200 000 shares (with reservation for any recalculation), equivalent to approximately 2.8 per cent of the total number of shares and votes, may be issued given that future social security costs are hedged in accordance with X (d). The calculation is based on the maximum number of shares and votes which can be issued divided with the total number of shares and votes after such issue. Upon full exercise of the warrants, the Company's share capital will increase with a maximum of SEK 810,746.43964.

### **Preparation of the proposal**

The proposal for the incentive program LTI 2021 has been prepared by the board of directors of the Company in consultation with external advisor.

### **The reason for the deviation from the shareholders' preferential rights**

The reason for the deviation from the shareholders' preferential rights is to implement an incentive program for the senior executives and key employees in the Company and the group.

### **Majority requirement**

A resolution to approve the present proposal is valid only where supported by shareholders holding not less than nine-tenths (9/10) of both the shares voted for and of the shares represented at the meeting.

#### **Authorization**

It is further proposed that the board of directors, or a person appointed by the board of directors, is authorized to undertake such minor adjustments in the decision that may be required for the registration with the Swedish Companies Registration Office and Euroclear Sweden AB and that the board of directors shall have the right to undertake such minor adjustments to the incentive program due to applicable foreign rules and laws.

#### **Item 13 (b) - Issue of warrants**

In order to secure the delivery of shares pursuant to the LTI 2021, the Board of Directors proposes that the Company, issues a maximum of 198,280,952 warrants, entitling to subscription of new ordinary shares in the Company as follows and possibly increase the share capital with maximum SEK 723,472.43871 after full exercise of the warrants.

1. The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, be granted to Arcane Crypto AB, with the right and obligation to dispose the warrants according to the items 13 (a) and (c).
2. The reason for the deviation from the shareholders' preferential rights is that the issue of warrants ensures delivery of shares to the participants in the LTI 2021.
3. The warrants shall be issued free of charge. In connection with subscription of shares exercised through a warrant, the part of the subscription price that exceeds the quotient value shall be added to the non-restricted share premium reserve.
4. Subscription of the warrants shall take place within two (2) months from the date of the resolution to issue warrants. The Board of Directors shall have right to extend the subscription period.
5. The warrants give right for subscription of shares during the period August 12th 2024 up to and including October 12th 2024.
6. Each warrant shall entitle subscription to one (1) share at a subscription price corresponding to the quota value of the share. Recalculation may occur in accordance with the Terms and Conditions for the Warrants.
7. The newly issued shares shall entitle to dividend for the first time on first the record date that occurs after completion of a share subscription.
8. Otherwise, for the warrants, terms and conditions presented in Terms and Conditions for Warrants shall apply.
9. The Board of Directors, or the person that the Board of Directors may appoint, shall be authorized to make the adjustments as may be required in connection with registration with the Swedish Companies Registration Office.

#### **Item 13 (c) - Transfer/Disposal of the warrants to the participants or otherwise to third parties**

The Board of Directors also proposes that the Company may transfer/dispose of the warrants to the participants or otherwise to third parties for the purpose of delivering shares to the participants in accordance with the terms and conditions of the LTI 2021. The Company may only transfer/dispose of the warrants for this purpose.

**Item 13 (d) - Authorization for the Board of Directors to resolve to issue warrants to a third party**

The Board of Directors furthermore proposes that the general meeting resolves to authorize the Board of Directors to resolve to issue no more than 23,919,048 warrants to subscribe for common shares to a bank or securities company, all on the terms set out for the LTI 2021. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights is to have the option to hedge the Company's exposure against social security costs incurred in connection with the LTI 2021, by way of, to a third party with whom the Company has an agreement, issue warrants which can be exercised to subscribe shares that thereafter are sold at market value.

1. The warrants shall be issued free of charge. Each warrant shall entitle to subscription of one (1) share in the Company, thus, the share capital will increase with maximum SEK 87,274.00093.
2. The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, be granted to a Swedish bank or Swedish securities company.
3. The warrants may be exercised for subscription of shares from August 12<sup>th</sup> 2024 up to and including October 12<sup>th</sup> 2024.
4. Each warrant entitles the holder to subscription of one (1) share at a subscription price corresponding to the quota value. Recalculation may occur in accordance with the complete warrant conditions.
5. The Board of Directors, or the person that the Board of Directors may appoint, shall be authorized to make the adjustments as may be required in connection with registration with the Swedish Companies Registration Office.

**Item 14 – Resolution on adoption of Nominating Committee and instructions for the Nominating Committee**

It is proposed that the Annual General Meeting resolves on adoption of a Nominating Committee and on an instruction for the Nominating Committee. Proposal for an instruction for the Nominating Committee will be available from the Company and on the Company's website, [investor.arcanecrypto.se](http://investor.arcanecrypto.se), no later than two weeks prior to the Annual General Meeting.

**Item 15 – Resolution on authorization for the Board of Directors to resolve on issue of shares etc.**

The Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors, during the period up to the next Annual General Meeting, to resolve upon new issues of shares, warrants and/or convertible instruments, with or without deviation from the shareholders' preferential rights. The total number of shares, warrants and/or convertible instruments that are issued based on the authorization may correspond to at most twenty five (25) percent of the total number of shares in the Company at the time of resolution based on the authorization. Payment may, in addition to cash payment, be made in kind or by set-off, or otherwise with conditions.

The reason for any deviation from the shareholders' preferential rights shall be to enable the Company to issue shares, warrants and/or convertible instruments in connection with acquisitions, but also to increase the Company's financial flexibility and to strengthen the Company's financial position if necessary. The subscription price shall be determined in accordance with current market conditions.

The Board of Directors, or the person appointed by the Board of Directors, shall have the right to make the minor adjustments to the authorization that may prove necessary in connection with registration with the Swedish Companies Registration Office.

### **Majority requirements**

Resolution in accordance with the proposals under items 13 above require that the resolutions be supported by shareholders representing no less than nine-tenths of the votes cast and the shares represented at the Annual General Meeting. Resolution in accordance with the proposal under items 15 above require that the resolution be supported by shareholders representing no less than two-thirds of the votes cast and the shares represented at the Annual General Meeting.

### **Number of shares and votes**

At the time of issuance of this notice, the total number of shares in the Company, as well as the total number of votes, is 8,053,722,316. The Company holds no treasury shares.

### **Shareholders' rights to receive information**

In accordance with Chapter 7, Section 32 of the Swedish Companies Act, the Board of Directors and the Managing Director shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the Company, provide information at the meeting about circumstances that may affect the evaluation of an item on the agenda, circumstances that may affect the evaluation of the Company's or subsidiary's financial position and the Company's relationship to other group companies.

### **Available documents**

Accounting documents and auditor's reports for the financial year 2020 and other documentation under the Swedish Companies Act will be available from the Company no later than three weeks prior to the Annual General Meeting. The Board of Director's complete proposals will be available from the Company no later than two weeks prior to the Annual General Meeting. Postal voting form will be available from the Company no later than one week prior to the Annual General Meeting. The documents will also be available on the Company's website, [investor.arcanecrypto.se](http://investor.arcanecrypto.se), and submitted at the meeting.

Copies of the documents will also be sent to those shareholders who request so and who provide their postal address.

### **Processing of personal data**

For information regarding the processing of your personal data, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

**Arcane Crypto AB**

Stockholm in April 2021

*The Board of Directors*