

NOTICE OF THE ANNUAL GENERAL MEETING IN LIDDS AB (publ)

The shareholders in LIDDS AB (publ) (reg. no. 556580-2856) (the “Company” or “LIDDS”) are hereby convened to the annual general meeting in the Company’s premises at Uppsala Business Park with visiting address Rapskatan 7, Uppsala, on Wednesday 1 June 2022 at 14.00 (CET).

Right to participate and registration

Right to participate at the annual general meeting is held by those shareholders who are registered in the share register held by Euroclear Sweden AB on Monday 23 May 2022 and who have given notice to the Company no later than Wednesday 25 May 2022 in writing to LIDDS AB (publ), Virdings Allé 32B, 754 50 Uppsala or by email to info@liddspharma.com.

The notification should state full name, personal code number or corporate ID number, shareholding, address, daytime telephone number and also details of deputy when applicable. When applicable, power of attorney, registration certificates and other authorisation documents should be appended to the notification.

Nominee-registered shares

For right to participate in the meeting, shareholders who have their shares registered in the name of a nominee must temporarily reregister the shares in their own name. Shareholders who would like such reregistration, so-called voting rights registration, must request this in good time at their administrator before Wednesday 25 May 2022, when the reregistration must be completed.

Proxy

Shareholders represented by proxy shall issue dated and signed power of attorney for the proxy. Power of attorney must be provided no later than at the meeting, but preferably through prior submission of a copy. If the power of attorney is issued by a legal entity, attested copies of the certificate of registration (or equivalent document for foreign legal entity), must be appended to the power of attorney. The power of attorney's period of validity must be a maximum of five years if specifically indicated. If no period of validity is indicated, the power of attorney applies for a maximum of one year. The company provides a proxy form on the company's website www.liddspharma.com and a proxy form is also sent to those shareholders who request one and provide their address.

Number of shares and votes

As per 2 May 2022, there are a total of 33,989,791 shares and votes in the Company. The Company holds no own shares.

Proposed agenda

1. Opening of the meeting and election of chairman of the meeting.
2. Preparation and approval of the voting list.
3. Election of one or two persons to verify the minutes.
4. Determination of whether the meeting has been duly convened.
5. Approval of the agenda.

6. CEO's address
7. Presentation of annual report and audit report.
8. Resolutions regarding:
 - a. adoption of income statement and balance sheet;
 - b. decision regarding the Company's losses in accordance with the adopted balance sheet; and
 - c. discharge from liability of the board of directors and the CEO.
9. Determination of the number of board members, deputy board members, auditors and deputy auditors.
10. Determination of remuneration to the board of directors and to the auditors.
11. Election of board members, deputy board members, auditors and deputy auditors.
12. Resolution regarding appointment of a nomination committee.
13. Resolution on authorisation for the board of directors to issue convertibles.
14. Resolution on directed share issue.
15. Resolution regarding authorisation for the board of directors to issue shares.
16. Resolution to adopt new articles of association.
17. Closing of the meeting.

The nomination committee's proposed resolutions

Item 1: Opening of the meeting and election of chairman of the meeting.

The nomination committee proposes that Jan Törnell is appointed as chairman of the annual general meeting.

Item 9: Determination of the number of board members, deputy board members, auditors and deputy auditors

The nomination committee proposes that six ordinary board members are appointed with no deputy members, for the period until the end of the next annual general meeting. The nomination committee further proposes that a registered auditing firm is appointed for the period until the end of the next annual general meeting.

Item 10: Determination of remuneration to the board of directors and to the auditors

The nomination committee proposes that remuneration shall be paid to the board of directors totalling SEK 787,500, to be allocated with SEK 225,000 to the chairman of the board and with SEK 112,500 each to other board members. In addition to this, remuneration of SEK 50,000 shall be paid to the chair of the audit committee, as well as SEK 25,000 to other members of the audit committee.

It is proposed that remuneration to the auditor is paid according to customary standards and approved invoice.

Item 11: Election of board members, deputy board members, auditors and deputy auditors

The nomination committee proposes re-election of Jan Törnell, Maria Forss, Daniel Lifveredson and David Bejker as ordinary board members for the period until the end of the next annual general meeting. IngaLill Forslund and Anders Bjartell have declined re-election.

Max Mitteregger and Johan Lund are proposed as new ordinary board members for the period until the end of the next annual general meeting.

Max Mitteregger has many years of experience from the financial market, he has, for example, worked at Carnegie in Stockholm and New York and was a co-founder of ABGSC. Max has been the manager of the hedge fund Gladiator since 2005.

Johan Lund has previous experience of senior roles as vice president at Astrazeneca, Pfizer and Biogen. Johan has a medical degree from Karolinska Institutet where he also defended his dissertation. He currently sits on a number of boards in listed and unlisted companies. Johan's broad network of contacts within various major pharmaceutical companies as well as his scientific knowledge will be an important addition to the Board when it comes to finding new collaborations and carrying the internal portfolio forward.

The nomination committee further proposes re-election of Jan Törnell as chairman of the board of directors.

The nomination committee finally proposes to re-elect Öhrlings PricewaterhouseCoopers AB as auditing company for the period until the end of the next annual general meeting.

Item 12: Resolution regarding appointment of a nomination committee

The nomination committee proposes that the annual general meeting resolves to establish a nomination committee for the 2023 annual general meeting as follows:

The nomination committee is proposed to consist of four members. Three of these will be appointed jointly by the two largest shareholders as of the last day of September. If any shareholder declines to participate in the nomination committee, the right to appoint representatives shall be transferred to the next largest shareholder who is not represented on the nomination committee. The fourth member shall be the chairman of the board. It is the responsibility of the chairman of the board to convene the nomination committee. The nomination committee shall appoint a chairman from among its members. The chairman of the board may not be the chairman of the nomination committee. The composition of the nomination committee shall be published no later than six months before the annual general meeting on the company's website.

Fees shall not be paid to the members of the nomination committee.

The task of the nomination committee shall be to prepare proposals to be submitted to the annual general meeting for resolutions regarding proposals for board members and chairman of the board, proposals for board fees, proposals for auditors and remuneration to auditors and guidelines for the appointment of a nomination committee.

The board of directors' proposed resolutions***Item 8 b): Resolution regarding allocation of the Company's losses in accordance with the adopted balance sheet***

The board of directors proposes that no dividends are paid and that funds available are carried forward.

Item 13: Proposal for resolution on authorisation for the board of directors to issue convertibles***Background to the proposal***

On 22 February 2022, the Company announced that it has entered into an agreement (the "Financing Agreement") with Nice & Green S.A., a private Swiss company that specialises in tailored financing solutions ("N&G"). According to the Financing Agreement, N&G has committed to subscribe for convertibles with a total nominal amount of up to SEK 40,800,000, divided into four tranches of SEK 10,200,000 each. Pursuant to the Financing Agreement, the Company has undertaken to procure that a general meeting of the shareholders in the Company resolves to authorise the board of directors to resolve on issues of convertibles.

Due to registration technical reasons, each resolution regarding issue of convertibles must stipulate a minimum conversion rate. At each issue resolution, this minimum conversion rate forms the basis for the maximum number of shares that may be issued upon conversion of issued convertibles. According to the Financing Agreement, the convertibles are convertible into shares at a conversion rate corresponding to the highest of (i) a certain minimum rate to be calculated based on, *inter alia*, the number of outstanding tranches under the Financing Agreement and the limitations of the articles of association at the time for the issue of each convertible (the "Minimum Rate") and (ii) 93 per cent. of the lowest daily volume-weighted average price for the Company's share during the six trading days preceding the request for conversion.

If the proposed authorisation is approved, and based on the initial Minimum Rate pursuant to the above, the board of directors shall, until the next annual general meeting, be able to resolve on issues of convertibles that entitles for conversion to a maximum of 25,760,209 shares. However, it should be noted that as long as 93 per cent. of the lowest daily volume-weighted average price for the Company's share during the six trading days preceding the day for the request for conversion exceeds the Minimum Rate, the conversion rate so calculated will be applied and the number of shares issued at conversion will then be lower than the maximum number as per the above. For further information regarding the Financing Agreement, please refer to the Company's press release on 22 February 2022.

The board of directors' proposal

The board of directors proposes that the annual general meeting authorises the board of directors to, within the scope of the articles of association, with deviation from the shareholders' pre-emption rights, on one or several occasions during the period until the next annual general meeting, resolve to issue convertibles in the Company. Such issues may only be made in accordance with the Financing Agreement and the number of shares that may be issued upon conversion of so issued convertibles shall be a maximum of 25,760,209 shares.

The purpose of the authorisation and the reason for deviation from the shareholders' pre-emption rights is for the Company to be able to draw tranches under the Financing Agreement and thereby being able to meet such need for flexible financing that the Company's product development operations require.

The board of directors proposes that the board of directors, the chief executive officer or any person appointed by the board of directors, shall be authorised to make any minor amendments and clarifications of the annual general meeting's resolution that are required in connection with the registration of the resolution with the Companies Registration Office.

Majority requirement

A valid resolution in accordance with the board of director's proposal requires that shareholders representing not less than two-thirds of the votes cast as well as of the shares represented at the meeting approve the resolution.

Item 14: Resolution on directed share issue

The board of directors proposes that the annual general meeting resolves on a issue with deviation from the shareholders preferential rights of a maximum of 750,000 shares, entailing an increase in the Company's share capital by SEK 39,750. The resolution shall otherwise be subject to the following conditions.

1. The right to subscribe for new shares in the share issue shall, with deviation from the shareholders' preferential rights, be vested in Galba Holding AB.
2. The shares shall be subscribed for at a price of SEK 6 per share, which provides issuing proceeds of up to approximately SEK 4,500,000. The subscription price has been established through negotiations with Galba Holding AB and is based on the Company's share price on Nasdaq First North Growth market at the time for a binding commitment from Galba Holding AB to subscribe for shares in LIDS and is deemed to reflect current market conditions and demand. Payment shall be made in cash.
3. The share premium shall be transferred to the unrestricted premium reserve.
4. Subscription of shares shall be made on a separate subscription list. Subscription shall take place on the same day as the issue is resolved upon. The board of directors shall however be entitled to extend the subscription period.
5. Payment shall be made within three banking days from the date of the issue resolution. The board of directors shall however be entitled to extend the payment period.
6. The new shares shall for the first time entitle to dividend on the record date for dividend that occurs closest after the share issue has been registered with the Swedish Companies Registration Office and entered into the share register maintained by Euroclear Sweden AB.

The reasons for the deviation from the shareholders' preferential rights are to provide the Company with strategically important shareholders. Galba Holding AB is owned by Max Mitteregger, a reputable investor who has also offered to take a seat in the Company's board, which is considered to be positive for the Company's future development. Furthermore, the deviation is a way for the Company to raise capital in a timely and cost-effective manner.

The board of directors or a person appointed by the board of directors shall be authorised to make any minor adjustments required to register the resolution with the Swedish Companies Registration Office and Euroclear Sweden AB.

The resolution of the annual general meeting in accordance with this item is covered by the provisions in Chapter 16 of the Swedish Companies Act (2005:551), the so-called Leo rules. A valid resolution must be approved by shareholders representing not less than nine-tenths of the votes cast and shares represented at the meeting.

Item 15: Resolution regarding authorisation for the board of directors to issue shares

The board of directors proposes that the annual general meeting authorises the board of directors to, on one or more occasions during the period until the next annual general meeting, with or without preferential rights for the shareholders, decide on a rights issue of shares. It shall be possible for the issue to take place with or without regulation on non-cash contributions, set-off or other conditions.

The number of shares that it shall be possible to issue can amount to a maximum of a number equivalent to thirty per cent of the total number of shares in the company at the time of the annual general meeting with the addition of the shares added in the directed share issue in accordance with item 13 above. The issue price shall be market-based. The aim of the authorisation is to enable acquisition of working capital with the objective to strengthen the ownership structure, be able to accelerate development projects and also to facilitate share issues for industrial partners within the framework of collaborations and alliances.

The board of directors proposes that each of the board members and the chief executive officer shall be authorised to make any minor amendments and clarifications of the annual general meeting's resolution that are required in connection with the registration of the resolution with the Companies Registration Office and Euroclear Sweden AB.

A valid resolution requires that shareholders representing not less than two-thirds of the votes cast as well as of the shares represented at the meeting approve the resolution.

Item 16: Resolution to adopt new articles of association

The board of directors proposes to change the limits in the articles of association with respect to share capital and number of shares in §§ 4 and 5. § 4 is proposed to be changed from "The share capital amounts to a minimum of SEK 1,060,000 and a maximum of SEK 3,180,000." to "The share capital amounts to a minimum of SEK 1,700,000 and a maximum of SEK 6,800,000.". § 5 is proposed to be changed from "The number of shares shall be a minimum of 20,000,000 and a maximum of 60,000,000." to "The number of shares shall be a minimum of 30,000,000 and a maximum of 120,000,000.".

The board of directors proposes that each of the board members and the chief executive officer shall be authorised to make any minor amendments and clarifications of the annual general meeting's resolution that are required in connection with the registration of the resolution with the Companies Registration Office. A valid resolution requires that the proposal is supported by shareholders representing at least two-thirds of the votes cast as well as of all shares represented at the meeting.

Information at the annual general meeting

The board of directors and the chief executive officer shall at the request by a shareholder and provided that it can be done without material damage to the Company, at the annual general meeting disclose information regarding circumstances that may affect the assessment of an item on the agenda for the annual general meeting. Shareholders wishing to submit questions in advance may send them to LIDDS AB (publ), Attn. Jenni Björnulfson, Virdings Allé 32B, 754 50 Uppsala or by e-mail to info@liddspharma.com.

Documents and complete proposals

The annual report, auditor statement as well as other documents according to the Swedish Companies Act will be available at Virdings Allé 32B, Uppsala and on the Company's website www.liddspharma.com at least three weeks in advance of the meeting, i.e. no later than Wednesday 11 May 2022, and copies of the documents will be sent to those shareholders who request them and provide their postal address. Copies will also be available at the annual general meeting.

Processing of personal data

For information on how your personal data is processed, see the integrity policy that is available at Euroclear's webpage, <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Uppsala in May 2022
LIDDS AB (publ)
The board of directors

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LIDDS in brief:

LIDDS is a Swedish drug delivery company based on the proprietary technology NanoZolid®. With NanoZolid®, LIDDS can formulate drugs for local administration, with a maintained and controlled release for up to six months. The technology is versatile, can be used across different drug classes and solve problems within many indication areas. LIDDS offers the NanoZolid® technology to partners and has developed its own pipeline focused on oncology, where the technology enables delivery of a local and high drug dose, administered over time with very limited side effects. LIDDS has a broad pipeline with several projects in clinical development, both in early and late-stage development, and projects about to enter clinical phase. The company is listed on Nasdaq First North Growth market.

Attachments

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