OPTIO

Think Like a Founder

Using Equity to Drive Growth, Retention, and Ownership

Empowering your team with equity incentives

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Defining Success with Equity Programs

Goals

1. **Retention**: Keep top talent long-term
2. **Attraction**: Stand out in a competitive job market
3. **Performance Focus**: Link rewards to company success
4. **Reduce Cash Burn**: Save cash while rewarding employees
5. **Cultivate Ownership**: Build a founder-like mentality in employees

BUT

Be clear on your goals before deciding what your equity program will solve

How to Make Employees Think Like Founders

Equity alone isn't enough

create a **culture of ownership**

Strategies

- Transparent communication about company goals and progress
- Leadership involvement and encouragement
- Aligning team with long-term vision
- Showing the potential upside through success stories

Choosing the Right Equity Instruments

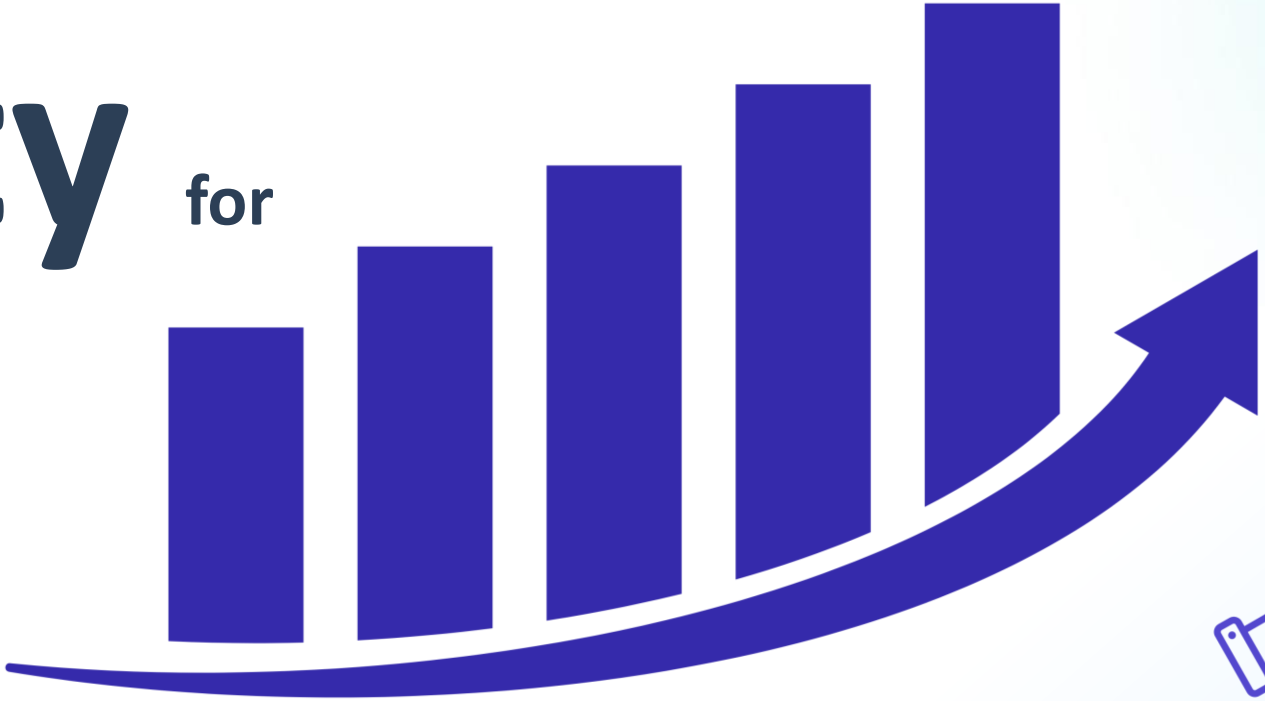
	Pros	Cons
Options	• No investment - No risk • Upside from grant • Easy to administer • No payout, «no hassle»	• No «skin in the game» • Less retention if market down • Income tax + SocSec on all option gains (Warrants SWE)
RSU	• No investment - No risk • Easy to administer • No payout, «no hassle» • Retention also if market down	• No «skin in the game» • Income tax + SocSec on all gains • «Free lunch»?
PSU	• No investment - No risk • Easy to administer • No payout, «no hassle» • Very «targeted» • May have retention also of market down	• No «skin in the game» • Income tax + SocSec on all gains • Can be difficult to measure and understand

Choosing the Right Equity Instruments

	Pros	Cons
RSA	• No risk • Capital gains tax on increase after grant • Retention also if market is down	• Little «skin in the game» (only tax) • Income tax and Social Security at grant • May be cumbersome to deliver shares back if leaving • Holding shares may be difficult
ESPP and ESSP	• «Skin in the game» • Capital gains tax on increase after purchase • Tax favorable elements in Norway • Retention also if market is down • Can be easily mixed with other elements • Cap gains increase	• Investment and risk-taking increase the entry barrier • May be more difficult to administer • Holding shares may be difficult

All these instruments can also be done syntetic

Equity for



Early-Stage Startups

- High equity compensation due to lower cash salaries
- Greater focus on long-term incentives
- Equity is key for attracting and retaining talent
- Customization and adjust based on role and performance

Growth-Stage Companies

- Balancing equity with competitive salaries and bonuses
- More structured and formalized equity plans
- Focus on performance-based rewards to sustain momentum
- Role differentiation becomes more critical (i.e., leadership vs. team members)
- Keep exit in mind for IPO to be able to reincentivize key employees

Pre-IPO and beyond

- Align stock option plans with IPO goals and consider switching to RSUs.
- Ensure up-to-date valuations compliant with local regulations.
- Prepare your plans to meet the requirements of Proxy advisors
- Educate employees on equity value, liquidity, and tax impacts posta-IPO.
- Plan for lock-up periods and communicate clearly with employees
- Have a plan to re-commit key employees after a potential exit

Tax and Legal Considerations

Instrument	Sweden (Teckningsoptioner)	Sweden (QESO)	Denmark (7P Tax Scheme)	Norway (2024 Startup Option Scheme)	Norway (Restricted share purchase - lock up)
Eligible Companies	All companies	SMEs: < 150 employees, < SEK 80M revenue	All companies	SMEs: < 50 employees, < NOK 80M revenue	All companies
Key Advantages	• Flexible for all employees. • Capital gains tax instead of Income tax (and no SocSec) on Exercise.	• No tax at grant, vesting, or exercise. • Only taxed on sale. • No social security contributions. Taxed as Capital gains tax instead of Income tax.	• Tax deferred until sale. • No tax at exercise. • Treated as employment income upon sale.	• No tax at grant, vesting, or exercise. • Only taxed on sale. • No social security contributions. Taxed as Capital gains tax instead of Income tax.	• - Purchase discounted shares without triggering any benefit taxation

Designing the Right Equity Plan

Key Decisions

Share allocation
How many shares to grant?

Eligibility
Who qualifies for equity?

Distribution
Equal share for all or performance-based differentiation?

Criteria
- Strike price
- Performance targets
- Share pricing

Timing
- Vesting schedules
- Expiry
- Restrictions on shares

Launching Your Equity Program

Key points

- ✓ Admin burdens
- ✓ Communication

6 Steps for Launching

1. Simulate gains, dilution, and tax impacts
2. Obtain shareholder approval and Board PoA
3. Draft terms and agreements
4. Prepare communication materials
5. Host all-staff meetings to explain the program’s benefits
6. Consider using an equity management tool for tracking