

NOTICE OF ANNUAL GENERAL MEETING IN KARO PHARMA AB

Shareholders in Karo Pharma AB are hereby called to the annual general meeting on Thursday May 11, 2017 at 4.00 p.m. in the conference room Solen, Näringslivets Hus, Storgatan 19, in Stockholm, Sweden.

Right to attend

Entitled to attend the annual general meeting are those who are both registered shareholders in the share register held by Euroclear Sweden AB at the record date May 5, 2017 and have notified the company of their intention to attend the general meeting no later than on May 5, 2017. Shareholders with nominee-registered shares must temporarily register their shares in their own name with Euroclear Sweden AB to attend the meeting. Such registration must be completed by May 5, 2017 and should be requested well in advance of this date to the nominee of the shares.

Notification to attend

Notification to attend the meeting shall be submitted in writing to the address Karo Pharma AB, att: Henrik Palm, Nybrokajen 7, 5th floor, SE-111 48 Stockholm, Sweden or by email to henrik.palm@karopharma.se. Name, personal identification number or corporate identity number, phone number daytime and number of shares held shall be included in the notification to attend. Where applicable, the number of advisors (maximum two) shall be stated. If a shareholder intends to be represented by proxy, power of attorney and other authorization documents should be included in the notification. The original authorization documents must be able to be presented at the meeting. Proxy forms are available from the company and at the company's website and will be sent to shareholders who provide their postal address.

Proposal of Agenda

1. Opening
2. Election of chairman of the meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to confirm the minutes
6. Determination as to whether the meeting has been duly convened
7. Address by the chairman of the board
8. Presentation of the annual report and the auditor's report as well as the group consolidated financial statement and the auditor's report thereon
9. Adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet
10. Resolution on allocation of the company's result according to the adopted balance sheet
11. Resolution regarding discharge from liability for the board of directors and the CEO
12. Determination of the number of board members
13. Determination of fees to the members of the board of directors
14. Election of board members
15. Election of chairman of the board
16. Determination of remuneration to the auditor
17. Election of auditor
18. Resolution on principles for the nomination committee
19. Resolution on principles for remuneration of executive management

20. Resolution for authorization of the board of directors to resolve on new issue of shares
21. Closing

Proposals

Item 10 – The board of directors proposal for allocation of the company's result

The board of directors proposes a dividend of 0.50 SEK per share, and that the record date will be May 15, 2017. If the meeting approves the proposal, the dividend will be distributed by Euroclear Sweden AB on May 18, 2017. The last day for trading in the company's shares including the right to dividend, is in that case May 11, 2017, the date of the AGM.

Item 2 and items 12-17 – The nomination committee proposals to the board of directors and auditors

In accordance with principles agreed by the annual general meeting 2016 for the annual general meeting 2017 a nomination committee has been appointed. The nomination committee has consisted of the following members: Anders Lönner (chairman) chairman of the board representing his own holdings, Hans Ek, representing (SEB Investment Management), Leif Edlund, representing his own holdings and Per-Anders Johansson, representing his own holdings (Nomic AB).

The nomination committee will under item 2 of the agenda suggest that Anders Lönner is appointed to chair the meeting.

The nomination committee will under items 12-17 on the agenda to propose:

- that the board should amount to five (an increase by one) and that no deputy be appointed (unchanged);
- that the total board remuneration is set to SEK 1.15 million (previous year 875 000), of which the chairman shall receive SEK 450 000 (previous year 425 000), and each of the other members shall receive SEK 175 000 (previous year 150,000);
- that fees to the auditors be paid according to approved invoices for auditing and management and the Group audit
- re-election of the board members
Anders Lönner
Thomas Hedner
Per-Anders Johansson;
- election of new board members;
Marianne Hamilton
Håkan Åström
- re-election of chairman of the Board, Anders Lönner
- re-election of PricewaterhouseCoopers as auditors until the end of the next annual general meeting.

Information on the persons proposed for new election as directors:

Marianne Hamilton,

Primary experience: Director of Human Resources and member of Group Management of Atlas Copco 1991-2007. Former board member of Meda AB and Connecta AB

Other assignments: Chairman of the Advisory Board of the Stockholm Business School.

Other: Author of several books.

Håkan Åström,

Primary experience: CEO of Kabi Pharmacia AB. CEO of Astra Pharmaceuticals Ltd., Pfizer Health AB, Pharmacia AB and Chairman of Ferrosan Holding A / S

Other assignments: Chairman of PledPharma, Affibody Medical AB and board member of Rhenman & Partners Asset Management AB

Item 18 – Nomination committee proposal regarding principles for appointing the nomination committee

The principles for the nomination committee is that the chairman by the end of the third quarter, ensures that the company's four largest shareholders or groups of shareholders in terms of voting, are offered to each appoint a representative to the nomination committee. Abstain one or more shareholders to appoint a member of the nomination committee, the next shareholder based on ownership is contacted to appoint a member of the committee. The chairman of the board is the convener of the committee. The chairman of the nomination committee shall, unless the members agree otherwise, be the member who represents the largest shareholder. If a member leaves the nomination committee before its work is completed, if the committee deems it necessary, the nomination committee should invite the same shareholder or, if this is no longer among the major shareholders, the next largest shareholders to appoint a replacement. Such changes will be announced on the company website. The nomination committee shall prepare proposals to be submitted to the annual general meeting for resolution as regards chairman at the general meeting, the number of directors and deputy directors, fees to the board and auditors, election of chairman, other board members and auditors. The nomination committee's mandate period runs until a new nominating committee has been appointed. The nomination committee shall not receive remuneration but shall, to the extent it considers necessary, have the right at the company's expense, to the extent appropriate, use other resources, such as external consultants. The annual general meeting in 2017 is proposed to resolve that the principles adopted for the nomination committee shall be valid until further notice.

Item 19 – The board's proposal for guidelines for remuneration to senior executives

The board proposes that the annual general meeting resolve on with a few minor adjustments, unchanged guidelines for remuneration to senior executives. The proposal includes the following main points: a satisfactory work shall be paid in the form of fixed salary. In addition to fixed salary, management may also receive variable remuneration, which rewards the achievement of certain targets in simple and transparent structures. The senior executives' variable remuneration shall be based on the extent to which business reached. Karo Pharma's commitment to the variable remuneration shall be limited in relation to the fixed salary and shall not exceed 40 per cent of the fixed annual salary, before deduction of social security costs, for each executive during the relevant time period. The remuneration will include pension and holiday pay. The senior executives' pension benefits shall be competitive in relation to that which generally applies for comparable executives in the market and be based on defined contribution pension solutions or be connected to the ITP plan. Pension benefits shall be based on a retirement age of 65. The executive management's non-monetary benefits (such as car and health) should facilitate the execution of the work and conform to what is considered reasonable in relation to market practice and the benefit to the company. Dismissal and severance pay shall not exceed 12 months' fixed salary for each executive. The guidelines shall include the CEO of Karo Pharma AB and senior executives who report directly to the CEO and any CEOs of subsidiaries. To the extent a director performs work on behalf of the company alongside the board to be market-based consultancy fee may be payable. The board is entitled to deviate from these guidelines in individual cases should special reasons for this.

Item 20 – The boards proposal for authorization of the board of directors to resolve on new issues of shares

The board of directors proposes that the meeting authorizes the board of directors to, on one or several occasions prior to the next annual general meeting, resolve on new share issues. The number of shares to be issued by virtue of the authorization shall not exceed 10 per cent of the registered share capital at the time of the share issue resolution. The share issue may be made with or without deviation from the shareholders' pre-emption right and with or without terms of issue in kind or set-off or other terms. The purpose of the authorization is to increase the company's financial flexibility and enable acquisitions through payment with shares. If the board of directors resolves on a share issue with deviation from the shareholders' pre-emption right, the reasons shall be to provide the company with new capital and/or new shareholders of strategic importance for the company and/or acquisitions of other companies or businesses. When deviating from the shareholders' pre-emption right the basis for the subscription price shall be on market terms. Other terms may be resolved by the board of directors. Other terms may be determined by the board of directors. A valid resolution requires that the proposal is supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting.

Available documents and information

Accounting documents, the audit report, the auditor's statement on whether the guidelines for remuneration to senior executives, the committee's statement (if the company has received it from the nomination committee at the time) and complete decision support will be available at the company and on the company's website www.karopharma.se at least three weeks before the general meeting. Copies will be sent on request free of charge to shareholders who so request and state their address. The documents will also be available at the annual general meeting.

The board of directors and the CEO shall, if any shareholder so requests and the board believes that it can be done without significant harm to the company, provide the meeting information regarding circumstances that may affect the assessment of an item on the agenda and circumstances which may affect the assessment of the company financial situation. The corresponding duty of disclosure also applies to subsidiaries. The duty of disclosure also relates to the company's relationship to other group companies and consolidated accounts.

Number of shares and votes in the company

At the time of issue of this notice, the total number of shares and votes in the company amounts to 82 166 391. The company holds no own shares.

Stockholm in April 2017

Karo Pharma AB (publ)

The Board of Directors