

# KARO PHARMA

PRESS RELEASE, STOCKHOLM ON 16 APRIL 2019

## NOTICE OF ANNUAL GENERAL MEETING IN KARO PHARMA AKTIEBOLAG

*The shareholders of Karo Pharma Aktiebolag, reg. no. 556309-3359, are given notice of the annual general meeting to be held at 14:00 CET on 16 May 2019, at Näringslivets Hus, Storgatan 19 in Stockholm.*

### Right to participate

Shareholders who wish to participate in the annual general meeting must *both* be registered in the share register maintained by Euroclear Sweden AB on 10 May 2019, *and also* notify the Company of their intention to attend the meeting no later than on 10 May 2019.

Shareholders with nominee-registered shares must temporarily register their shares in their own name with Euroclear Sweden to attend the meeting. Such registration must be completed by 10 May 2019 and should be requested well in advance of this date to the nominee of the shares.

### Notification to attend

Notification to attend the annual general meeting shall be submitted in writing to the address Karo Pharma AB, att: Mats-Olof Wallin, Nybrokajen 7, SE-111 48 Stockholm, Sweden or by email to [info@karopharma.se](mailto:info@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 for agenda

1. Opening of the annual general meeting
2. Election of chairman of the annual general meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination as to whether the meeting has been duly convened
7. Presentation from the chairman of the board and the CEO
8. Presentation of the company's annual report and the auditor's report, as well as of the consolidated financial statements and the auditor's report for the group
9. Resolution on adoption of the income statement and balance sheet for the company, as well as of the consolidated income statement and consolidated balance sheet for the group

10. Resolution regarding disposition of the company's earnings in accordance with the approved balance sheet
11. Resolution regarding discharge from liability of the board members and the CEO
12. Determination of the number of members of the board of directors
13. Determination of remuneration to the board of directors
14. Election of members of the board of directors
15. Election of chairman of the board of directors
16. Determination of remuneration to the auditor
17. Election of auditors
18. Resolution regarding guidelines for remuneration for the senior management
19. Resolution on authorisation for the board of directors to resolve on transfer of own shares
20. Resolution on authorisation for the board of directors to resolve on new issue of shares
21. Closing of the annual general meeting

## **Proposals**

### ***Karo Intressenter AB's proposal regarding chairman of the annual general meeting, board of directors, auditors and remuneration (item 2 and items 12-17)***

Karo Pharma has previously appointed a nomination committee by way of the chairman of the board of directors, no later than at the end of the third quarter each year, offering the four largest shareholders or shareholder groups, in terms of voting rights, the opportunity to appoint one representative each to be a member of the nomination committee. Karo Pharma has decided not to appoint a nomination committee for the annual general meeting 2019, given the company's new ownership structure, where EQT VIII, through Karo Intressenter AB, owns a clear majority of the shares in the company. Moreover, the company does not have any other owners with a significant ownership. Given the ownership structure, no nomination committee has been deemed necessary.

Karo Intressenter AB proposes the following in relation to agenda items 2 and 12-17:

- that Emil Hedberg, member of the Swedish Bar Association, from Hamilton Advokatbyrå, is appointed as chairman of the meeting (item 2);
- that the board of directors shall consist of seven members, and that no deputy board members shall be appointed (item 12);
- that the total remuneration for the board of directors shall be determined to SEK 2,250,000, of which the chairman shall be entitled to SEK 600,000 (previous year SEK 500,000) and each of the other board members shall be entitled to SEK 300,000 (previous year SEK 200,000), however, provided that the annual general meeting elects Flemming Ørnskov, his remuneration shall be reduced pro rata in relation to his term and hence amount to SEK 150,000. The proposed board members active at EQT – Erika Henriksson, Vesa Koskinen and Åsa Riisberg – have announced that they, provided that they are elected by the annual general meeting, will remit their respective remuneration to the help and charity organisation Operation Smile (item 13);
- that, for the period until the end of the next annual general meeting, Bo Jesper Hansen, Erika Henriksson, Vesa Koskinen, Åsa Riisberg and Håkan Åström are re-elected as board members,

and that Eva Sjökvist Saers and Flemming Ørnskov (Flemming Ørnskov to be elected as from 31 October 2019) are elected as new board members (item 14):

- that Bo Jesper Hansen is re-elected as chairman of the board of directors until the end of the next annual general meeting (item 15);
- that the remuneration to the auditor shall be paid against approved accounts for the review of the financial reports and the administration as well as the review of the group (item 16); and
- that the accounting firm Ernst & Young AB is elected as new auditor for the period up until the end of the next annual general meeting. Ernst & Young AB has informed that, provided that the proposal is approved by the meeting, the public accountant Björn Ohlsson will be auditor in charge (item 17).

As previously communicated by the company, the board member Christoffer Lorenzen has been appointed as CEO of Karo Pharma and is therefore not proposed to be re-elected as board member.

**Eva Sjökvist Saers**, born in 1962, holds a PhD from the University of Uppsala and was CEO of APL (Apotek Produktion & Laboratorier AB) 2008-2018. Eva Sjökvist Saers has an extensive experience from the pharmaceutical industry at Astra/AstraZeneca. Eva Sjökvist Saers is the vice chairman of SwedenBIO and Swelife. Previously, Eva Sjökvist Saers was Chairman of the Swedish Society of Pharmaceutical Sciences and board member of Karolinska Institutet Holding AB and Dilafor AB. Eva Sjökvist Saers is independent in relation to Karo Pharma and its management as well as in relation to the company's major shareholders. Eva Sjökvist Saers does not own any shares in Karo Pharma.

**Flemming Ørnskov**, born in 1958, is a medical doctor with training in pediatrics and holds an MBA from INSEAD and an MPH from Harvard. He is the chairman for Recordati S.p.A and CENTOGENE and a member of the board of directors of Waters Corporation. Most recently, Flemming Ørnskov has served as the CEO of Shire Plc, and has previously held senior positions at Bayer, Merck & Co. and Novartis. Flemming Ørnskov is independent in relation to Karo Pharma and its management as well as in relation to the company's largest shareholders. Flemming Ørnskov does not own any shares in Karo Pharma.

#### ***The board of directors' proposal regarding disposition of the earnings (item 10)***

Given the company's ambition to grow through, *inter alia*, acquisitions as well as the current debt situation of the company, the board of directors proposes that no dividends be paid for the financial year 2018 and that the earnings for this year are carried forward.

#### ***The board of directors' proposal regarding guidelines for remuneration for senior management (item 18)***

The board of directors proposes that the annual general meeting resolves on the following guidelines for salary and other remuneration for senior management of Karo Pharma, to be valid until the annual general meeting of 2020. The proposed guidelines are essentially the same as those adopted at the annual general meeting 2018.

#### ***General***

Karo Pharma shall have such remuneration and employment terms that are required in order to appoint and retain a senior management with good knowledge and capacity for the fulfilment of the

company's operation goals. Hence, market terms shall be the general principle for salary and other remuneration to the senior management. Senior management shall also have the opportunity to be appointed on consultancy basis, and if so, the principles for remuneration shall be the same as for employees.

#### *Fixed salary*

A fixed salary shall be paid for work performed in a satisfactory manner.

#### *Variable remuneration*

In addition to the fixed salary, variable remuneration may be offered in order to reward clearly goal-referenced achievements by simple and transparent structures. The variable remuneration shall be based on to what extent pre-determined operation goals are met. Karo Pharma's commitments in relation to variable remuneration shall be capped in relation to the annual fixed salary. Any paid variable remuneration shall include pension and payments for vacation and shall not constitute pension qualifying income.

#### *Pension terms*

The pension terms for senior management shall correspond to market terms in respect of equivalent senior management, and shall be based on pension schemes with fixed charges or be connected with the ITP plan. The pension terms shall be based on a retirement age of 65 years.

#### *Non-monetary benefits*

The non-monetary benefits of senior management (such as car and health benefits) shall facilitate the work to be performed and shall correspond to what is considered to be reasonable in accordance with market terms and the benefit of the company.

#### *Dismissal pay and severance payment*

Dismissal pay and severance payment shall not exceed 12 months' salary for each member of senior management.

#### *Persons comprised by the guidelines*

The guidelines apply to the CEO of Karo Pharma Aktiebolag as well as other persons in senior management that are directly reporting to the CEO and managing directors in Karo Pharma's subsidiaries.

#### *Information regarding remuneration resolved upon but not due for payment*

No remuneration exists that have not been due for payment and which deviates from the guidelines which have been adopted on previous annual general meetings.

#### *Consultancy payment for board of directors*

In so far a board member performs work for the company, other than within its appoint as board member, a consultancy payment on market terms may be paid.

#### *Deviation from the guidelines for specific reasons in particular cases*

The board of directors may deviate from the guidelines if there are specific reasons in a particular case.

***Resolution on authorisation for the board of directors to resolve on transfer of own shares (item 19)***

The annual general meeting 2018 resolved to authorise the board of directors to resolve on repurchase of the company's own shares on Nasdaq Stockholm and in accordance with the rules regarding repurchase as set out in the Nasdaq Stockholm's rule book for issuers. The board of directors has used the authorisation and the company has repurchased in total 2,464,990 shares of Karo Pharma during the period 18 June 2018 – 27 July 2018.

Given Karo Pharma's holding of own shares, the board of directors proposes that the annual general meeting authorises the board of directors to resolve on transfer of the company's own shares in accordance with the following:

The authorisation to transfer own shares may be used at one or several occasions until the next annual general meeting. Transfer of shares may be made with deviation from the shareholders preferential rights. The transfer of shares on Nasdaq Stockholm may only be carried out at a price per share which is within the registered price level at the time, i.e. the spread between the highest bid price and the lowest ask price. Transfer of shares may also be made outside of Nasdaq Stockholm. The basis for the transfer price shall be market terms. Payment for the transferred shares shall be made out in cash, contribution in kind or through set off against claim against the company.

The reason for the authorisation is to expand the company's financial flexibility, to enable acquisitions through payment with shares, to provide the company with new capital and/or new shareholders of strategic importance to the company, and/or acquisitions of other companies or operations.

Transfer of shares may be carried out of a maximum of all own shares held by the company at the time of the board of directors' resolution on transfer.

In order for the resolution to be valid, at least two-thirds of the votes cast and the shares represented at the annual general meeting must approve the resolution.

***Resolution on authorisation for the board of directors to resolve on new issue of shares (item 20)***

The board of directors proposes that the annual general meeting authorises the board of directors to, during the period until the next annual general meeting, on one or several occasions resolve on new issues of shares. The number of shares issued by virtue of authorisation shall not exceed 10 per cent of the registered share capital at the time of the resolution. The issue may be made with or without deviation from the shareholders' preferential rights, as well as on terms regarding payment in kind, by right of set-off or against other terms. The reason for the authorisation is to expand the company's financial flexibility and to enable acquisitions through payment with shares. If the board of directors resolves on an issue with deviation from the shareholders' preferential rights, the reason shall be to provide the company with new capital and/or new shareholders of strategic importance to the company, and/or acquisitions of other companies or operations. In case of deviation from the shareholders' preferential rights, the basis of the subscription price shall be market terms. Other terms may be decided by the board of directors.

In order for the resolution to be valid, at least two-thirds of the votes cast and the shares represented at the annual general meeting must approve the resolution.

**Available documents and information to shareholders**

Accounting documents, the audit report, the statement of the auditor regarding the application of guidelines for salary and other remuneration as well as proposals and other documents in accordance with the Swedish Companies Act will be available at the company and on the company's website, [www.karopharma.se](http://www.karopharma.se), at least three weeks prior to the meeting. Copies of the documents will be sent free of charge to the shareholders who request the company to do so and provides their postal address. The documents will also be available at the annual general meeting.

The shareholders are reminded of their right to request information in accordance with Chapter 7, Section 32 of the Swedish Companies Act (Sw. *aktiebolagslagen*).

**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 is 164,332,782. The company owns 2,464,990 own shares.

**Processing of personal data**

For information about the processing of your personal data, please refer to the privacy notice available at Euroclear's website: <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammorengelska.pdf>.

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Stockholm in April 2019

**Karo Pharma Aktiebolag**

*The board of directors*