

The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

NOTICE OF ANNUAL GENERAL MEETING IN ASCELIA PHARMA AB

The shareholders in Ascelia Pharma AB, Reg. No. 556571-8797, are hereby invited to attend the annual general meeting (*Sw. årsstämma*) to be held at the premises of Setterwalls Advokatbyrå AB at Stortorget 23 in Malmö, Sweden on Friday 23 November 2018 at 11.00 a.m.

Right to participate in the meeting and notice of participation

Shareholders wishing to attend the annual general meeting must:

- be registered in the company's share register kept by Euroclear Sweden AB (the Swedish Securities Register Center) as of Saturday 17 November 2018; and
- no later than on Monday 19 November 2018, notify the company of their intention to participate in the annual general meeting by mail to Ascelia Pharma AB, att: Kristian Borbos, Per Albin Hanssons väg 41, SE-205 12 Malmö, Sweden, by e-mail to kb@ascelia.com or by phone +46 (0)735 179 113. The notice should specify the complete name of the shareholder, personal identity number or company registration number, the number of shares held by the shareholder, address, telephone number during work hours and, when applicable, information on the number of advisors (two at the most).

Trustee-registered shares

Shareholders, whose shares are trustee-registered, must, in order to be entitled to participate in the general meeting, temporarily register their shares in their own name in the share register kept by Euroclear Sweden AB. Such temporary re-registration of ownership must be implemented no later than as of Saturday 17 November 2018, meaning that shareholders wishing for such re-registration must notify their trustee well in advance of Friday 16 November 2018 since the record date occurs on a Saturday.

Proxies etc.

Shareholders intending to participate by proxy must issue a written, signed and dated proxy. The validity term of the power of attorney may be at the longest five years if this is specifically stated. In case no validity term is stated, the power of attorney is valid for at the longest one year. Should the power of attorney be issued by a legal entity, a certified copy of a registration certificate (*Sw. registreringsbevis*) or equivalent document shall be presented at the meeting. In order to facilitate the preparations before the meeting, a copy of the power of attorney and other proof of authority should be attached to the notice of participation. A template power of attorney can be found at the company website (www.ascelia.com) and will be sent by mail to the shareholders who request it and state their address.

Proposed agenda

0. Opening of the meeting.
1. Election of chairman of the meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons who shall approve the minutes of the meeting.

5. Determination of whether the meeting was duly convened.
6. Submission of the annual report and the audit report and, if applicable, the consolidated annual report and consolidated audit report.
7. Resolutions regarding:
 - a. adoption of the income statement and the balance sheet and, if applicable, the consolidated income statement and the consolidated balance sheet;
 - b. allocation of the company's profits in accordance with the adopted balance sheet; and
 - c. discharge of the members of the board of directors and the CEO from liability.
8. Determination of the number of members and deputy members of the board of directors and the number of auditors and deputy auditors.
9. Determination of remuneration for the members of the board of directors and auditors.
10. Election of members of the board of directors, chairman of the board of directors and auditors.
11. Resolution on instruction for the Nomination Committee.
12. Determination of guidelines for remuneration to senior executives.
13. Resolution on authorization for the board of directors regarding new share issues.
14. Resolution on cancellation of warrants.
15. Resolution on (A) employee option program; and (B) directed issue of warrants and approval of transfer of warrants.
16. Closing of the meeting.

Proposed resolutions

Item 1: Election of chairman of the meeting

The Nomination Committee, that has consisted of Andreas Segerros (chairman), appointed by Sunstone Life Science Ventures II K/S, Nils Lorentzen, appointed by CMC SPV of 3 April 2017 AB, Håkan Nelson, appointed by Øresund Healthcare Capital K/S and Peter Benson, chairman of the board of directors, proposes that attorney Ola Grahn is elected as chairman of the meeting.

Item 7 b: Resolution regarding allocation of the company's profits or loss in accordance with the adopted balance sheet

The board of directors proposes that no dividends are paid to the shareholders and that the available funds of SEK 98,168,443 are carried forward.

Item 8: Determination of the number of members of the board of directors and the number of auditors and deputy auditors

The Nomination Committee proposes that the board of directors shall be composed of six members. Furthermore, it is proposed that one registered accounting firm is appointed as auditor.

Item 9: Determination of remuneration for the members of the board of directors and auditors

The Nomination Committee proposes to the annual shareholders' meeting that board remuneration shall be paid with SEK 400,000 to the chairman of the board (unchanged since previous year) and with SEK 200,000 to each of the other board members who are not employed by the company (unchanged since previous year). It is further proposed that remuneration for committee work shall be paid with SEK 50,000 to the chairman of the audit committee (unchanged since previous year), and with SEK 25,000 to each of the other members of the audit committee (unchanged since previous year). Remuneration for the auditor is, in accordance with the recommendation from the Audit Committee, proposed to be paid in accordance with customary norms and approved invoice.

Item 10: Election of members of the board of directors, chairman of the board of directors and auditors

The Nomination Committee proposes to the annual shareholders' meeting that Peter Benson, Niels Mengel, Bo Jesper Hansen, René Spogård, Helena Wennerström och Hans Maier are re-elected as ordinary board members. The Nomination Committee further proposes to the annual shareholders' meeting that Peter Benson is re-elected as chairman of the board.

Information on the board members proposed for re-election can be found at the company website (www.ascelia.com) and in the annual report.

Furthermore, the Nomination Committee proposes to the annual shareholders' meeting, in accordance with the recommendation from the audit committee, that Öhrlings PricewaterhouseCoopers AB is re-elected as accounting firm. Öhrlings PricewaterhouseCoopers AB has informed that authorized public accountant Carl Fogelberg will continue to be the auditor in charge.

Item 11: Resolution on instruction for the Nomination Committee

The Nomination Committee proposes that an instruction and charter for the Nomination Committee shall be adopted in accordance with the following substantial terms.

The Nomination Committee shall consist of four members, representing the three largest shareholders as per the end of March, together with the chairman of the board of directors. The "three largest shareholders" refer to the ownership grouped registered or in any other way known shareholders as per the end of March.

The chairman of the board of directors shall as soon as possible when the information regarding the three shareholders as per the end of March is known, contact the three largest shareholders to find out whether they wish to appoint a representative to the Nomination Committee. In case one of the three largest shareholders refrain from appointing a representative, or such representative resign prior to completion of the assignment and without the shareholder who has appointed the representative appointing a new member, the chairman of the board of directors shall encourage the next owner in size (i.e. in the first place the fourth largest shareholder) to appoint a representative. The procedure shall go on until the Nomination Committee is composed of four members including the chairman of the board of directors.

The Nomination Committee shall appoint the Chairman of the Nomination Committee among its members. The chairman of the board of directors or another member of the board of directors should not be appointed as Chairman of the Nomination Committee.

The members of the Nomination Committee shall be announced no later than six months before the annual shareholders' meeting. When significant changes in the ownership occur after the date the Nomination Committee was appointed, the Nomination Committee may, if it considers it necessary, decide to offer a new owner a position in the Nomination Committee in accordance with the principles above. Changes in the Nomination Committee shall be made public immediately.

The Nomination Committee's term shall run until such time as a new Nomination Committee has been elected.

No fees shall be paid to the members of the Nomination Committee.

The Nomination Committee shall prepare and propose the following to the coming annual shareholders' meeting:

- (a) election of chairman at the shareholders' meeting;
- (b) election of chairman of the board of directors and other members of the board of directors;
- (c) fees to the board of directors, divided between the chairman and other members, and any fees for committee work;
- (d) election of auditor and fees to the auditor; and
- (e) principles for appointment of the Nomination Committee.

Item 12: Determination of guidelines for remuneration to senior executives

The board of directors proposes that the annual shareholders' meeting resolves to adopt the following guidelines for remuneration to senior executives.

The company shall offer remuneration levels and employment terms at market terms, aimed at facilitating the recruitment and retention of senior executives with high competence and capacity, in order to achieve established targets. The guidelines shall apply to employment agreements entered into after the adoption of these guidelines by the shareholders' meeting or amendments to existing agreements made after the adoption of the guidelines.

The remuneration to the CEO and other senior executives can be comprised of fixed salary, variable remuneration, pension benefits, share-based incentive programs resolved by the shareholders' meeting and other benefits. Senior executives refer to the CEO and the other persons forming part of the company's management team.

Remuneration and other employment terms for the CEO and other senior executives are prepared by the Remuneration Committee and resolved by the board of directors.

The fixed salary shall take into consideration the individual's competence, area of responsibility and performance. A review should generally be made annually.

The variable remuneration is to be based on the outcome of predetermined well defined objectives. The variable consideration is to be limited and may not exceed 40 per cent of the fixed annual salary for the CEO and 20 per cent of the fixed annual salary for other senior executives, whereby the individual highest level should be based on factors such as the position held by the specific individual.

The company's commitments in reference to variable remuneration for the CEO and other senior executives who can be entitled to variable remuneration targets are for the financial year 2018/2019 calculated to amount to, if all targets are met in full, at the highest approximately SEK 1,130,906 (excluding social charges). The calculation is based on the persons currently being senior executives and who can be entitled to variable remuneration.

In addition to what follows from law or collective bargain agreements or other agreements, the CEO and other senior executives may be entitled to arrange individual pension schemes. Refrained salaries and variable remuneration can be used for increased pension contributions, provided that the total cost for the company is unchanged over time.

Share-based incentive programs shall, where applicable, be resolved by the shareholders' meeting.

The senior executives may be awarded other customary benefits, such as a company car, occupational health services, etc.

In case of termination of the CEO's employment by the company, the notice period should not exceed 6 months. In case the company terminates the CEO's employment, the CEO shall, in addition to salary during the notice period, be entitled to severance payment corresponding to 6 months' base salary. The notice period for other senior executives shall not exceed 6 months. The employment agreements with senior executives may also include provisions regarding right for the senior executive to receive customary compensation for non-compete undertakings following the termination of the employment.

At the time of the annual shareholders' meeting, the company has no outstanding remuneration commitments towards senior executives except for running commitments

To the extent that a board member performs work for the company, besides the board membership, consultancy fees and other remuneration may be granted for such work. The remuneration shall correspond to relevant market conditions and shall, as well as other conditions, be determined by the board of directors.

The board of directors shall be entitled to deviate from these guidelines in individual cases if there are special reasons for doing so.

Item 13: Resolution on authorization for the board of directors regarding new share issues

The board of directors proposes that the annual shareholders' meeting resolves to authorize the board of directors to, at one or several occasions, during the time up until the next annual shareholders' meeting, with or without deviation from the shareholders' preferential rights, and with or without provisions regarding payment in kind or through set-off or other provisions, resolve to issue shares. The reason for that deviation from the shareholders' preferential rights shall be permitted is to enable the company to raise working capital, to execute acquisitions of companies or operating assets, as well as to enable issues to institutional investors and the public in connection with a listing of the company. The total number of shares that can be issued must not exceed 18,000,000. To the extent a new issue is made with deviation from the shareholders' preferential rights, the new issue should be made on market terms.

Item 14: Resolution on cancellation of warrants

Ascelia Incentive AB, a wholly owned subsidiary to the company, holds in the aggregate 723,295 warrants series 2018/2025 issued pursuant to a resolution at the extraordinary shareholders' meeting held on 26 April 2018, which resolution was registered with the Swedish Companies Registration Office on 7 May 2018. The warrants have been issued to secure the company's employee option program 2018. Since the maximum number of employee options that can be exercised in said employee option programs has decreased, the board of directors proposes that the annual shareholders' meeting resolves to cancel in the aggregate 90,411 of the outstanding warrants. It is noted that Ascelia Incentive AB has consented to the cancellation.

Item 15: Resolution on (A) employee option program; and (B) directed issue of warrants and approval of transfer of warrants

The board of directors of proposes that the annual shareholder's meeting resolves to implement an employee option program for senior executives.

The purpose of the proposed employee option program (the "**Employee Option Program**") is to secure a long term commitment for the senior executives in the company through a compensation system which is linked to the company's future value growth. Through the implementation of an employee option program, the future value growth in the company is encouraged, which implies common interests and goals for the share-holders of the company and

senior executives. Such share based incentive program is also expected to increase the company's possibilities to retain competent persons. The details of the Employee Option Program are set out under Section A below.

In order to secure the company's undertakings under the Employee Option Program, the board of directors also proposes that the annual shareholders' meeting resolves on a directed issue of warrants and an approval of transfer of warrants in accordance with Section B below.

A. *The board of directors' proposal to resolution on employee option program*

The board of directors proposes that the shareholders' meeting resolves to adopt the Employee Option Program in accordance with the following substantial guidelines:

1. The Employee Option Program shall be comprised by a maximum of 505,095 employee options.
2. Each employee option entitles the holder a right to acquire one new share in the company against cash consideration at a subscription price amounting to SEK 22.50. The subscription price and the number of shares that each employee option entitles right to may be subject to recalculation in the event of a bonus issue, split, rights issue etc., wherein the recalculation terms in the complete terms and conditions of the warrants shall be applied.
3. The Employee Option Program shall comprise four senior executives in the Company (CEO, CMO, CFO and COO). The board of directors shall, within the framework of the resolution from the annual shareholders' meeting, determine the number of employee options that each participant shall be allotted in accordance with the following principles:

CEO:	maximum 183,671 options.
CMO, CFO and COO:	at maximum of 321,424 options may in the aggregate be allotted to this group and no individual may be allotted more than 153,059 options.
4. Allotment shall be made no later than 30 days following the annual shareholders' meeting.
5. The allotted employee options shall vest with 25 per cent on each of 31 October 2019, 31 October 2020, 31 October 2021 and 31 October 2022.

Notwithstanding the above, the following shall apply in case a "Trade Sale" (as defined below) occurs before a day when vesting occurs. If a Trade Sale occurs before a vesting day, all allotted employee options that have not been forfeited shall be vested as if all vesting days have occurred.

Vesting is conditional upon that the participant is still employed by the company and that the employee has not terminated the employment as of the date when the respective vesting occurs. If the participant ceases to be employed or terminates the employment before a vesting date, the already vested employee options can be utilized during the ordinary time for utilization in accordance with the below, but further vesting will not take place. However, in case the participant's employment is terminated due to dismissal or notice of termination based on circumstances related to the participant personally, also vested options shall be forfeited.
6. The employee options shall not constitute securities and shall not be able to be transferred or pledged. However, in the event of death, the rights constituted by the employee options shall accrue to the beneficiaries of the holder of the employee options.
7. The employee options shall be allotted free of charge.
8. Allotted and vested employee options may only be utilized at the earliest to occur of:

- (a) an initial public offering of and listing of the company's shares on a regulated market, a multilateral trading platform or other stock exchange ("**IPO**"); or
- (b) in connection with:
 - (i) a firm offer from a third party to acquire at least 90 per cent of the shares in the company and provided that shareholders representing more than 50 per cent of the shares accepts such an offer (or is obliged to accept the offer in accordance with a shareholders' agreement);
 - (ii) the sale of all or substantially all of the company's activities, including a sale of all or a material part of the company's intellectual properties (irrespective of whether such transaction is carried out through a sale of a subsidiary of the company or through a sale of the activities in a subsidiary of the company); or
 - (iii) other similar event which the board of directors considers shall be treated as a Trade Sale.

The events pursuant to (b) (i) – (iii) above are jointly referred to as a "**Trade Sale**."

As set out above all allotted employee options will automatically vest and be exercisable in connection with a Trade Sale. Options not exercised in connection with a Trade Sale will automatically forfeit.

Provided that an IPO has occurred, vested employee options may, subject to applicable laws and regulations governing insider trading and the limitations which may apply as a consequence of the insider policy which the company may adopt after an IPO, be exercised during the period 1 November 2022 – 31 January 2023. In case an IPO has occurred at the latest on 31 October 2022, employee options not exercised during the specified exercise period will automatically forfeit. For the avoidance of misunderstandings the employee options will continue to be vested in accordance with the provisions in section 5 above also after an IPO.

Irrespective of what is stated above, exercise of employee options can never occur later than 31 December 2025.

- 9. Participation in the Employee Option Program requires that such participation is in accordance with applicable laws, as well as that such participation can take place with reasonable administrative costs and financial efforts according to the Company's opinion.
 - 10. The employee options shall be governed by separate agreements with each respective participant. The board of directors shall be responsible for the preparation and management of the Employee Option Program within the above-mentioned substantial terms and guidelines.
- B. The board of directors' proposal to resolution on a directed issue of warrants and approval of transfer of warrants*

In order to enable the company's delivery of shares under the Employee Option Program as well as to hedge ancillary costs, primarily social charges, the board of directors proposes that the shareholders' meeting resolves on a directed issue of warrants and approval of transfer of warrants. The board of directors thus proposes that the shareholders' meeting resolves on a directed issue of a maximum of 663 796 warrants in accordance with the following terms and conditions:

- 1. With deviation from the shareholders' preferential rights, the warrants may only be subscribed for by a wholly owned subsidiary in the group (the "**Subsidiary**"). The reason for the deviation from the shareholders' preferential rights is due to that the warrants are issued as part of the implementation of the Employee Option Program. In the light of what has been stated above, the board of directors considers that it is for the benefit of the company and its shareholders that senior executives in the company are offered to participate in the Employee Option Program.

2. Subscription shall be made no later than 30 days following the annual shareholders' meeting.
3. Over subscription cannot occur.
4. The warrants shall be issued without consideration. The reason hereof is that the warrants are issued to the Subsidiary as part of the implementation of the Employee Option Program.
5. Each warrant entitles to subscription of one share in the company against a cash subscription price of SEK 22.50. The subscription price and the number of shares that each warrant entitles right to shall be subject to customary recalculation provisions in connection with share splits or consolidations, rights issues and similar events.
6. The warrants may be exercised during the time period from and including the registration of the warrants at the Swedish Companies Registration Office (*Sw. Bolagsverket*) to and including 31 December 2025.
7. The shares issued upon exercise of a warrant shall confer right to dividends as from the first record date for dividends that occurs following effectuation of subscription.
8. If all warrants are exercised for subscription of new shares, the share capital will increase with SEK 663,796.

The board of directors further proposes that the shareholders' meeting resolves to approve that the Subsidiary may transfer warrants to the participants in the Employee Option Program without consideration in connection with the utilization of employee options in accordance with the terms in section A, or in another way to dispose the warrants options in order to be able to secure the company's commitments and costs in relation to the Employee Option Program.

Other information related to the Employee Option Program

The proposal for the Employee Option Program has been prepared by the Remuneration Committee. The final proposal has been resolved by the company's board of directors.

Since previously there is one employee option program outstanding in the company resolved at the extraordinary shareholders' meeting held on 26 April 2018. In the program, in the aggregate 481,573 employee options are outstanding. To secure the employee option program (including social charges) warrants have been issued and following the cancellation of warrants proposed to the annual shareholders' meeting, in the aggregate 632,884 warrants will be outstanding. In case all these warrants are exercised, in the aggregate 632,884 new shares will be issued, which corresponds to a dilution of approximately 4.2 per cent of the company's share capital and votes calculated based on the number of shares that will be added upon full exercise of all warrants issued in connection with the existing employee option program.

In case all warrants issued in connection with the now proposed Employee Option Program are exercised for subscription of shares, in the aggregate 663,796 new shares will be issued, which corresponds to a dilution of approximately 4.3 per cent of the company's share capital and votes calculated based on the number of shares that will be added upon full exercise of all warrants issued in connection with the proposed Employee Option Program.

In case all warrants that are outstanding and proposed to be issued are exercised, in the aggregate 1,296,680 new shares will be issued, which corresponds to a total dilution of approximately 8.2 per cent of the company's share capital and votes calculated based on the number of shares that will be added upon full exercise of all warrants outstanding and proposed to be issued.

The board of directors' opinion is that Employee Option Program will trigger costs in reference partly to accounting salary costs and partly to social charges. The company's costs for social charges is proposed to be hedged through issuance of warrants as per B above.

Particular majority requirements

For a valid resolution on the proposal pursuant to item 13, the proposal has to be supported by shareholders representing at least two thirds of the votes cast as well as of all shares represented at the annual general meeting. For a valid resolution on the proposal pursuant to item 15, the proposal has to be supported by shareholders representing at least nine-tenths of the votes cast as well as of all shares represented at the annual general meeting.

Information at the annual general meeting

The board and the CEO shall at the annual general meeting, if any shareholder so requests and the board believes that it can be done without significant harm to the company, provide information regarding circumstances that may affect the assessment of items on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries financial position and the company's relation to other companies within the group.

Financial statements and complete proposals

Financial statements, the audit report as well as the complete proposals for resolutions, will be available for the shareholders at the company's office at Per Albin Hanssons väg 41, SE-205 12 Malmö, Sweden, and at the company's website (www.ascelia.com) as from no later than three weeks prior to the annual general meeting. Copies of the documents will be sent to the shareholders upon their request to the company, provided that such shareholders state their address, and will also be made available at the annual general meeting.

Number of shares and votes in the company

The total number of shares and votes in the company amounts to 14,606,891. The company does not hold any own shares.

Processing of personal data

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-GM-English.pdf>.

Malmö in October 2018

Ascelia Pharma AB (publ)

The Board of Directors