

The Nomination Committee's proposals and reasoned statement for the annual general meeting 2019

1. Background

In accordance with the guidelines adopted by the annual general meeting Ascelia Pharma AB (the "**Company**") on 23 November 2018, a Nomination Committee has been appointed and announced through a press release on 10 May 2019. The Nomination Committee has consisted of Jørgen Thorball, 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. Jørgen Thorball has been the chairman of the Nomination Committee.

2. The Nomination Committee's proposals for the annual general meeting 2019

The Nomination Committee submits the following proposals for resolutions:

Item 0: Election of chairman of the meeting

The Nomination Committee proposes that attorney Ola Grahn is elected as chairman of the meeting.

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

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

Item 10: Determination of remuneration for the members of the board of directors and auditors

At the annual general meeting on 23 November 2018, board remuneration including remuneration for committee work was resolved and in connection herewith, it was resolved that remuneration to the chairman of the audit committee should be paid with SEK 50,000. Due to the Company's initial public offering (IPO) on Nasdaq Stockholm, the work of the chairman of the audit committee Helena Wennerström became more extensive in the previous year than expected. Therefore, the Nomination Committee proposes that additional remuneration of SEK 70,000 shall be paid

to Helena Wennerström as remuneration for her work as chairman of the audit committee related to the Company's IPO for the period since the annual general meeting 2018. As a result, the total remuneration to the chairman of the audit committee for the period since the annual general meeting 2018 will amount to SEK 120,000.

Provided that the annual general meeting resolves to change the Company's financial year from broken financial year (1 July–30 June) to calendar year (1 January–31 December) in accordance with the proposal from the board of directors, meaning that the current financial year ends on 31 December 2019, the Nomination Committee proposes that board remuneration for the period until the annual general meeting 2020 (i.e. a 6 month period) shall be paid with SEK 200,000 to the chairman of the board (unchanged compared to previous year based on a full year) and with SEK 100,000 to each of the other board members who are not employed by the Company (unchanged compared to previous year based on a full year). It is further proposed that remuneration for committee work shall be paid with SEK 50,000 to the chairman of the audit committee (SEK 50,000 previous year based on a full year), and with SEK 12,500 to each of the other members of the audit committee (unchanged compared to previous year based on a full year).

Should the annual general meeting not resolve to change the Company's financial year from broken financial year (1 July–30 June) to calendar year (1 January–31 December) in accordance with the proposal from the board of directors, meaning that the current financial year ends on 30 June 2020, the Nomination Committee proposes that board remuneration for the period until the annual general meeting 2020 (i.e. a 12 month period) instead shall be paid with SEK 400,000 to the chairman of the board and with SEK 200,000 to each of the other board members who are not employed by the Company. It is further proposed that remuneration for committee work shall be paid with SEK 100,000 to the chairman of the audit committee and with SEK 25,000 to each of the other members of the audit committee.

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 11: Election of board of directors, chairman of the board of directors and auditors

The Nomination Committee proposes that Peter Benson, Niels Mengel, Bo Jesper Hansen, René Spogård, Helena Wennerström and Hans Maier are re-elected as ordinary board members, and 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's website (www.ascelia.com) and in the annual report.

Furthermore, the Nomination Committee proposes, 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 12: Resolution on instruction and charter for the Nomination Committee

The Nomination Committee's proposal on guidelines for appointing members of the Nomination Committee and on the Nomination Committee's assignment can be found in the **Appendix**.

3. Description of the Nomination Committee's work and the Nomination Committee's reasoned statement

- 3.1 The composition of the Nomination Committee was announced on 10 May 2019.
- 3.2 The Nomination Committee has held 1 meeting and has also had additional contacts. The Nomination Committee has applied the instruction for the Nomination Committee which was adopted by the annual general meeting on 23 November 2018.
- 3.3 The Company's shareholders have been informed on the Company website, that it has been possible to submit proposals to the Nomination Committee. No such proposals have been submitted.
- 3.4 The Nomination Committee has oriented itself with regard to how the work in the board of directors has been conducted and how it works as well as with regard to the Company's strategy and future challenges. The Nomination Committee has furthermore evaluated which competence and experience the members of the board should possess, which has served as guidance for the Nomination Committee's work. The chairman of the board has ensured that the Nomination Committee has received relevant information about the board work during the year, as well as the board evaluation which has been carried out by the members of the board.
- 3.5 The Nomination Committee has made the assessment that the board has been well functioning during the period and that the members of the board of directors possess adequate competence and the qualifications required to lead the Company's continued development. According to the Nomination Committee's assessment, continuity in the board work is of large importance for the Company. In the view hereof, the Nomination Committee has proposed re-election of all board members.
- 3.6 The proposed board of directors is, with regard to the Company's activity, stage of development and other conditions in general, considered as an adequate board composition in relation to the qualifications, experience and background of the proposed board members. The Nomination Committee has specifically considered the demand that the board of directors shall be characterized by diversity and width. The proposed board composition is also adequate in order to meet the needs, which the Company is facing and will be facing in relation to the Company's activities.

- 3.7 The Nomination Committee also considers that the proposed composition of the board of directors fulfills the requirements of the Swedish Code of Corporate Governance regarding the independence of the members of the board of directors. According to the Nomination Committee, all proposed board members except Hans Maier are to be considered independent in relation to the Company and its senior management and Helena Wennerström, Hans Maier and Bo Jesper Hansen are also to be considered as independent in relation to major shareholders. Peter Benson, Niels Mengel, and René Spogård are not considered to be independent in relation to major shareholders. In regards to Hans Maier, it is noted that the reason for considering him as not being independent in relation to the Company and its senior management is that Hans Maier is the Managing Director and a major shareholder of BGM Associates GmbH that is providing consultancy services to the Company. As for Bo Jesper Hansen, the Nomination Committee has noted that Bo Jesper Hansen is a minority shareholder holding approximately 4 per cent of the shares in CMC SPV of 3 April 2017 AB that is a major shareholder in the Company. The Nomination Committee has however reached the conclusion that this minority shareholding does not lead to that Bo Jesper Hansen should be considered as dependent in relation to CMC SPV of 3 April 2017 AB.
- 3.8 According to the Swedish Code of Corporate Governance, an even gender balance of the board of directors shall be strived for. The Nomination Committee has resolved to apply Rule 4.1 of the Swedish Corporate Governance as its diversity policy, which states that the composition of the board shall be characterized by diversity and breadth with respect to qualifications, experience and background of the board members and that an even gender balance shall be strived for. The Nomination Committee has considered the question regarding an even gender balance and the Nomination Committee can conclude that the proposed composition of the board of directors will consist of one woman and five men. The gender diversity is thus 16.7 % / 83.3 %, which, in the Nomination Committee's opinion, is not consistent with the requirement of an equal gender balance. The Nomination Committee's ambition is that the gender balance shall increase further over time, and at least correspond to the levels expressed by the Swedish Corporate Governance Board.

October 2019

The Nomination Committee of Ascelia Pharma AB (publ)

Appendix

Instruction and charter for the Nomination Committee in Ascelia Pharma AB

The Nomination Committee of Ascelia Pharma AB, Reg. No. 556571-8797 (the “**Company**”), proposes that the following instruction and charter for the Nomination Committee is adopted.

1. Appointment of Nomination Committee

- 1.1 The Nomination Committee shall consist of four members, representing the three largest shareholders as per the end of September, 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 September. However, ahead of the annual general meeting 2020, the Nomination Committee shall instead be composed based on the circumstances as per the end of November. The foregoing is based on the assumption that the annual general meeting resolves to change the Company’s financial year from broken financial year (1 July–30 June) to calendar year (1 January–31 December) in accordance with the proposal from the board of directors, meaning that the current financial year ends on 31 December 2019 and that the annual general meeting 2020 will be held in the Spring of 2020. Should the annual general meeting not resolve to change the financial year, the Nomination Committee shall instead be composed based on the circumstances as per the end of March.
- 1.2 The chairman of the board of directors shall as soon as possible when the information regarding the three largest shareholders as per the end of September (ahead of the annual general meeting 2020, as per the end of November, or if the annual general meeting would not resolve to change the financial year, 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.
- 1.3 The Nomination Committee shall appoint the Chairman of the Nomination Committee among its members. The chairman of the board of directors or another

er member of the board of directors should not be appointed as Chairman of the Nomination Committee.

- 1.4 The members of the Nomination Committee shall be announced no later than six months before the annual general 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.
- 1.5 The Nomination Committee's term shall run until such time as a new Nomination Committee has been elected.
- 1.6 No fees shall be paid to the members of the Nomination Committee.

2. Duties of the Nomination Committee

- 2.1 The Nomination Committee shall prepare and propose the following to the coming annual general meeting:
 - (a) election of chairman at the general 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 (if the Nomination Committee considers that the current principles and instruction should be updated).
- 2.2 On request by the Nomination Committee, the Company shall provide the Nomination Committee with human resources such as a secretary function in order to facilitate the Nomination Committee's work. The Nomination Committee shall also have the right to, as far as necessary in connection with the future election of a board member, obtain material from external consultants on knowledge, experience and profile in reference to suitable candidates, and with the right for the Nomination Committee to charge the Company with reasonable costs for the production of such material.

3. Period of validity

These principles for the Nomination Committee's appointment and instruction for the Nomination Committee shall be valid until further notice until a resolution on amendment is passed by a general meeting.

October 2019

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