

Notice of Annual General Meeting in Swedish Orphan Biovitrum AB (publ)

The shareholders in Swedish Orphan Biovitrum AB (publ) (Sobi™) Reg. No. 556038-9321, are hereby summoned to the Annual General Meeting (the “**Meeting**”), to be held on Thursday, 9 May 2019 at 15:00 at Grand Hôtel, Södra Blasieholmshamnen 8, Stockholm, Sweden.

Participation, etc.

Shareholders who wish to attend the Meeting must

be recorded in the share register maintained by Euroclear Sweden AB (the Swedish Central Securities Depository) on Friday, 3 May 2019, and

must notify the company of their intention to participate in the Meeting not later than on Friday, 3 May 2019, at the company’s web site www.sobi.com, by mail to Swedish Orphan Biovitrum AB (publ), “Annual General Meeting”, SE-112 76 Stockholm, Sweden or by phone no. +46 8 697 31 91.

The notification shall set forth the name, address, telephone number (daytime), personal/corporate identity number, the number of shares held and, when applicable, information about representatives and assistants.

As per the day of this notice there are 297,515,209 shares issued in the company. All shares are common shares representing one vote each. The company holds 3,423,726 own common shares, which cannot be represented at the general meeting.

Nominee shares

Shareholders, whose shares have been registered in the name of a nominee through the trust department of a bank or similar institution, must, in order to be able to participate in the Meeting, re-register their shares in their own names in the shareholders’ register maintained by Euroclear Sweden AB as per Friday, 3 May 2019. Shareholders who wish to re-register their shares in their own name should inform their nominee of such re-registration well in advance of such date. Such registration may be temporary.

Proxy, etc.

Shareholders represented by proxy shall issue a written and dated power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate for the legal entity shall be appended. The power of attorney is valid for one year from the issue thereof or such longer period of time stated in the power of attorney, however not more than five years. A

registration certificate shall evidence the circumstances prevailing at the day of the Meeting and should not be older than one year at the time of the Meeting.

The power of attorney in original and, when applicable, the registration certificate, should be submitted to the company by mail at the address indicated above well before the Meeting. A proxy form is held available at the company's web site, www.sobi.com, and will also be sent to shareholders who request it and who inform the company of their postal address.

Proposed agenda

1. Opening of the Meeting.
2. Election of the chairman of the Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or several persons to verify the minutes.
6. Determination of whether the Meeting has been duly convened.
7. Presentation of the annual report and the auditor's report as well as the consolidated accounts and the auditor's report for the group.
8. Speech by the managing director.
9. Presentation of the work performed by the Board of Directors and its committees.
10. Resolution regarding adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet.
11. Resolution regarding appropriation of the company's profit or loss in accordance with the adopted balance sheet.
12. Resolution regarding discharge of the members of the Board of Directors and the managing director from liability.
13. Determination of fees to be paid to the members of the Board of Directors and to the auditor.
14. Determination of the number of directors and deputy directors and auditors and deputy auditors.
15. Election of the chairman, the members of the Board of Directors and the auditor.
 - a. Election of David Allsop as member of the Board of Directors (re-election);
 - b. Election of Håkan Björklund as member of the Board of Directors (re-election);
 - c. Election of Annette Clancy as member of the Board of Directors (re-election);
 - d. Election of Matthew Gantz as member of the Board of Directors (re-election);
 - e. Election of Lennart Johansson as member of the Board of Directors (re-election);
 - f. Election of Helena Saxon as member of the Board of Directors (re-election);
 - g. Election of Hans GCP Schikan as member of the Board of Directors (re-election);
 - h. Election of Elisabeth Svanberg as member of the Board of Directors (re-election);
 - i. Election of Håkan Björklund as the chairman of the Board of Directors (re-election); and
 - j. Election of Ernst & Young AB as the auditor (re-election).
16. Resolution regarding guidelines for remuneration for the management.
17. Resolution regarding instructions and charter for the Nomination Committee.

18. Resolution regarding the implementation of a Management Programme and an All Employee Programme in accordance with A.I and A.II, respectively, and hedging arrangements in respect thereof in accordance with B or C.
19. Resolution regarding approval to authorise the issuance of new shares and/or convertible bonds and/or warrants.
20. Resolution regarding transfer of own shares.
21. Closing of the Meeting.

Proposal regarding chairman of the Meeting, fees for the members of the Board of Directors and the auditor, the number of members of the Board of Directors, deputy members, auditors and deputy auditors as well as election of the chairman, the members of the Board of Directors and the auditor (items 2, 13, 14 and 15)

The Nomination Committee of Swedish Orphan Biovitrum AB (publ), which consists of Håkan Björklund (chairman of the Board of Directors), Petra Hedengran, chairman (Investor AB), Lennart Francke (Swedbank Robur fonder AB) and Javiera Ragnartz (AMF and AMF Fonder), proposes:

- that Eva Hägg from Mannheimer Swartling Advokatbyrå is elected chairman of the Meeting,
- that fees to be paid to the Board of Directors should be SEK 1,500,000 to the chairman of the Board of Directors and SEK 490,000 to each of the other members of the Board of Directors elected by the Annual General Meeting, that fees for work in the Audit Committee should be SEK 160,000 to the chairman and SEK 100,000 to each other member of such committee, that fees for work in the Compensation & Benefit Committee should be SEK 110,000 to the chairman and SEK 60,000 to each other member of such committee and that fees for work in the Science Committee should be SEK 110,000 to the chairman and SEK 60,000 to each other member of such committee,
- that, in addition to the fees proposed above, for each physical meeting of the Board of Directors held in Sweden, a meeting fee of SEK 10,000 is paid to the members of the Board of Directors that reside in Europe outside the Nordic countries and a meeting fee of USD 3,000 is paid to the members of the Board of Directors that reside outside Europe,
- that the fees to the auditor should be paid in accordance with normal standards and approved invoice,
- that eight ordinary board members without deputies should be appointed,
- that one auditor without any deputy auditor should be appointed,

- that the ordinary members of the Board of Directors David Allsop, Håkan Björklund, Annette Clancy, Matthew Gantz, Lennart Johansson, Helena Saxon, Hans GCP Schikan and Elisabeth Svanberg should be re-elected as members of the Board of Directors and that Håkan Björklund should be re-elected as chairman of the Board of Directors, and
- that Ernst & Young AB be re-elected auditor of the company until the end of the Annual General Meeting 2020, in accordance with the Audit Committee's recommendation.

The Nomination Committee recommends the elected board members to build their own holdings of shares in the company

Similar to previous years, the Nomination Committee recommends the Board of Directors of Swedish Orphan Biovitrum AB (publ) to establish a shareholding policy pursuant to which the members of the Board of Directors, who do not already have such holding, are expected to, over a five year period, acquire an ownership in Swedish Orphan Biovitrum AB (publ) shares with a market value which is expected to correspond to at least one year board remuneration, before taxes, excluding remuneration for committee work.

Proposal regarding appropriation of the company's profit or loss in accordance with the adopted balance sheet (item 11)

The Board of Directors proposes that the company's retained profits are carried forward.

Proposal regarding guidelines for remuneration for the Management (item 16)

The Board of Directors proposes that the Annual General Meeting resolves on guidelines for remuneration for the Management as set forth below which shall apply until the Annual General Meeting 2020. The Management is defined as the managing director of Swedish Orphan Biovitrum AB (publ) and the executives who report to the managing director and are members of the senior management.

Objective

The objective of the guidelines is to ensure that the company can attract and retain the best people in order to support the vision and strategy of the company. Remuneration for the Management is designed on a total remuneration approach. The position of total remuneration should be market competitive without being leading relative to competitors in each local market. The market comparisons should be made against a set of peer group companies with comparable sizes, industries and complexity. The

remuneration guidelines should enable international hiring and should support diversity within the Management. The remuneration may consist of the following components:

- A, Fixed Base Pay
- B, Variable Pay - so-called Short Term Incentives
- C, Long Term Incentives
- D, Pensions
- E, Other Benefits

To the extent a member of the Board of Directors carries out work for the company or for another group company, in addition to the board work, consulting fees and/or other remuneration for such work may be payable.

Fixed Base Pay

The fixed base pay of the Management should be based on competence, responsibility and performance. The company uses an international evaluation system in order to evaluate the scope and responsibility of the position.

Variable Pay

The annual Short-Term Incentive plan is based on the achievement of annual performance objectives (corporate and individual). Payment is based on achievement of the pre-determined objectives. The annual performance objectives are defined in advance by the Compensation & Benefits Committee and approved by the Board of Directors.

These objectives are determined for the promotion of the company's long-term development, value creation and financial growth and shall be designed in a way that does not encourage an excessive risk-taking. The Short-Term Incentives are limited to 100% of the annual gross salary for the managing director and 60% of the fixed annual salary for the other members of the management.

Long-term Incentives

The company can introduce long-term incentive programmes for all or some of its employees. The objectives of such a programme should be to align the employees' interests with those of the shareholders, to create a long-term commitment to the company, to be a tool to retain and attract executives and top talent, to offer participants to take part in the company's long-term success and value creation, and to contribute to a competitive total remuneration.

For more information on the company's current incentive programmes, see note 11 in the annual report 2018 (to be published 18 April 2019).

Pensions

The preferred pension plan design is defined contribution¹. If the operating environment requires the establishment of a defined benefit pension plan by law or other regulations, such a plan may be established. The defined benefit level should in such cases be limited to the mandatory level.

Other Benefits

Fixed salary during notice periods and severance pay, including payments for any restrictions on competition, shall in total not exceed an amount equivalent to the fixed base pay for two years. In addition to this restriction, the total severance payment shall be limited to the existing monthly salary for the remaining months up to the age of 65.

Additional compensation may also be paid out in extraordinary circumstances, provided that such arrangement is of a one-time nature and is agreed on an individual basis for management recruitment or retention purposes or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such compensation shall be in line with market practice and may for example include a one-time cash payment, a support package including relocation and tax filing support, retention bonus or severance payment in case of a change of control, or similar. The compensation shall not exceed the amount of the fixed base pay for three years and shall not be paid more than once a year per individual. Resolutions on such compensation shall be made by the Board of Directors based on a proposal from the Compensation & Benefits Committee.

Deviation from the guidelines

The Board of Directors may resolve to deviate from the guidelines if the Board of Directors, in an individual case, is of the opinion that there are special circumstances justifying that.

Proposal regarding instructions and charter for the Nomination Committee (item 17)

The Nomination Committee proposes the following:

- 1) That the company shall have a Nomination Committee consisting of the chairman of the Board of Directors and one representative for each of the three largest shareholders, in terms of votes in the company, who wish to appoint a representative. The names of the three shareholder representatives and the names of the shareholders they represent shall be published not later than six months prior to the Annual General Meeting. The Nomination Committee shall remain in office until a new Nomination Committee has been appointed. Unless the members agree otherwise, the chairman of the Nomination Committee shall be the member who represents the shareholder controlling the largest number of votes.

¹ A defined contribution pension plan defines the level of contribution that will be paid into the pension plan for each employee.

- 2) That based on the shareholder statistics from Euroclear Sweden AB as per the last banking day in August, the Nomination Committee shall, without unnecessary delay, identify the three largest shareholders by voting power of the company. The shareholder statistics to be used shall be sorted by voting power (grouped by owners) and cover the 25 largest in Sweden direct registered shareholders, i.e. shareholders having registered an account with Euroclear Sweden AB in their own name or shareholders holding a custody account with a nominee that have reported the identity of the shareholder to Euroclear Sweden AB.
- 3) That members who are appointed by shareholders which during the office of the Nomination Committee ceases to belong to the group of three shareholders controlling the largest number of votes, shall resign from the Nomination Committee. Instead, the replacing shareholders in the group comprising the three shareholders controlling the largest number of votes shall have the right to appoint its representative or representatives. If there are no special reasons, no changes to the composition of the Nomination Committee shall be made if the changes in the number of votes are minor or if the changes occur later than three months prior to the Meeting. A shareholder who has appointed a representative as member of the Nomination Committee shall be entitled to dismiss such member and appoint a new representative as member of the Nomination Committee. Should a member of the Nomination Committee, appointed by a shareholder, resign from the Nomination Committee during the mandate period or become prevented from fulfilling his/her assignment, and where the Nomination Committee considers it necessary to replace the member, the Nomination Committee shall without delay, request the shareholder having appointed the member to appoint, within reasonable time however not exceeding 30 days, a new member to the Nomination Committee. If the shareholder does not appoint a new member within the prescribed period of time, the right to appoint a new member of the Nomination Committee shall transfer to the subsequent largest shareholder by voting power provided such shareholder has not already appointed a member of the Nomination Committee or previously abstained from such right (based on the most recent available shareholding statistics and otherwise pursuant to item 17.2 second paragraph above). Changes in the composition of the Nomination Committee shall be published as soon as any such changes have been made.
- 4) That the Nomination Committee shall present the following proposals for resolution to the Meeting:
 - a) proposal regarding chairman of the Meeting,
 - b) proposal regarding the Board of Directors,
 - c) proposal regarding the chairman of the Board,
 - d) proposal regarding the Directors' fee, distributed among the chairman of the Board and the other Directors and fee for committee work,
 - e) proposal regarding the auditors (when applicable),
 - f) proposal regarding the fee to the company's auditors, and
 - g) to the extent necessary, proposal regarding alterations in the instructions for the Nomination Committee.

- 5) That the Nomination Committee in connection with its assignment otherwise shall perform the assignments which are incumbent on the Nomination Committee under the Swedish Code of Corporate Governance. Upon the request of the Nomination Committee, the company shall make staff resources available to the Committee's disposal, such as secretarial functions for the Nomination Committee, to facilitate the Nomination Committee's work. If necessary, the company shall also bear such reasonable expenses for external advisers that the Nomination Committee deems necessary for the due performance of the Committee's assignments. No fee shall be paid to the members of the Nomination Committee.

The resolution regarding the instructions for the Nomination Committee is proposed to be in force until further notice.

Proposal regarding the implementation of a Management Programme and an All Employee Programme in accordance with A.I and A.II, respectively, and hedging arrangements in respect thereof in accordance with B. or C. (item 18)

Background

The Board of Directors of Swedish Orphan Biovitrum AB (publ) ("**Sobi**") proposes that the Annual General Meeting 2019 resolves on the implementation of long-term incentive programmes, giving all permanent employees of the Sobi Group the opportunity of becoming shareholders in Sobi. A division into two parts is proposed: (I) one part directed to managers and executives (the "**Management Programme**") and (II) one part directed to all other employees (the "**All Employee Programme**", jointly with the Management Programme, the "**Programmes**"), with separate resolutions on each part. No employees based in the US will be invited to participate in the Programmes.

The overall purpose of the Programmes is to closely align the employees' interests with those of the shareholders and to create a long-term commitment to Sobi. The Management Programme provides Sobi with a crucial component of a competitive total remuneration package with which to attract and retain executives who are critical to Sobi's long-term success. The purpose of the All Employee Programme is to create commitment and motivation for the entire permanent workforce of the Sobi Group. For these reasons the Board of Directors considers that having recurring long-term incentive programmes is a vital and important part of Sobi's total remuneration package.

The Board of Directors of Sobi has evaluated the long-term incentive programmes approved by the Annual General Meeting 2018 and has concluded that in order to further strengthen alignment between pay and performance and the ability to attract and retain competence on internationally competitive terms on management level, the Board of Directors proposes an adjustment to the Management Programme such that the members of the Executive Committee, including the CEO, and certain other selected key employees, shall be offered the opportunity to be allocated a combination of performance shares and employee stock options. Further, the aggregate award levels for members of the Executive Committee (excluding the CEO) and the selected key employees have been increased to 150% of the fixed salary. For other employees included in the Management Programme, as well as for the employees included in the All Employee Programme, no changes are proposed as compared to the programmes adopted by the Annual General Meeting 2018.

A. Implementation of the Programmes

The Board of Directors proposes that the Annual General Meeting 2019 resolves on implementation of the Programmes in accordance with the principal terms and conditions set out below:

I. The Management Programme

It is proposed that the Management Programme be open to no more than 310 permanent employees of the Sobi Group, whereof no more than 249 employees on director level of the Sobi Group ("**Band D**"), no more than 30 employees on vice president level of the Sobi Group ("**Band C**"), no more than 15 pre-selected key employees of the Sobi Group ("**Band B2**"), no more than 15 employees who are members of the Executive Committee of the Sobi Group ("**Band B1**") and the CEO of Sobi ("**CEO**"), on the following terms and conditions and the terms and conditions set out in item A. III below.

Performance shares

- a) Each participant in Band D, Band C, Band B2, Band B1 and the CEO will free of charge receive a performance share award under the Management Programme ("**LTIP Award**") entitling the participant to receive an allocation of a number of Sobi common shares free of charge from Sobi or from a designated third party, subject to the satisfaction of the condition in section e) below as well as the satisfaction of the performance conditions set out in section c) below ("**Management Performance Shares**"). Any Management Performance Shares will be allocated after the expiration of the three-year vesting period, starting on the date the participants in Band D, Band C, Band B2, Band B1 and the CEO are notified by Sobi of their admission to the Management Programme (the "**Vesting Period**"). Sobi must notify the participants in Band D, Band C, Band B2, Band B1 and the CEO of their admission to the Management Programme no later than on 31 December 2019.
- b) The value of the underlying shares at the time of grant in respect of each LTIP Award will amount to (i) 150% of the gross annual fixed salary in 2019 for the CEO, (ii) 75% of the gross annual fixed salary in 2019 for each Band B1 participant, on an individual basis, (iii) 75% of the gross annual fixed salary in 2019 for each Band B2 participant, on an individual basis, (iv) 75% of the average gross annual fixed salary in 2019 for Band C participants, and (v) 35% of the average gross annual fixed salary in 2019 for Band D participants. The share price used to calculate the value of the underlying shares in respect of each LTIP Award, and hence the number of shares to which each LTIP Award entitles, shall be the volume-weighted average price paid for the Sobi common share on Nasdaq Stockholm, adjusted for any dividend payments, during a period of ten trading days immediately prior to the commencement of the Vesting Period.
- c) The portion (if any) of an LTIP Award that will vest at the end of the Vesting Period is based on and subject to the satisfaction of the following performance conditions:

Absolute TSR² increase

60% of an LTIP Award granted to a participant will be subject to satisfaction of certain levels of absolute TSR increase over the Vesting Period. In order for any vesting related to

² So-called Total Shareholder Return.

absolute TSR increase to occur, the TSR must increase by more than 15% over the Vesting Period. In order for full vesting related to absolute TSR increase to occur, the TSR must increase by at least 50% over the Vesting Period. If the TSR increase is between 15% and 50% over the Vesting Period, a linear vesting related to absolute TSR increase will occur. The calculation of the TSR shall for the purpose of the TSR performance condition be based on a comparison of the volume-weighted average price paid for the Sobi common share on Nasdaq Stockholm, adjusted for any dividend payments, during a period of ten trading days immediately prior to the start of the Vesting Period and the volume-weighted average price paid for the Sobi common share on Nasdaq Stockholm, adjusted for any dividend payments, during the last ten trading days of the Vesting Period.

Annual revenues

40% of an LTIP Award granted to a participant will be subject to the Sobi Group's actual annual revenues reaching or exceeding the Sobi Group's target annual revenues, as set out in the budget established by the Board of Directors. A comparison shall be made for each of the financial years 2019, 2020 and 2021. If the threshold is reached or exceeded for a financial year, full vesting related to annual revenues in respect of that financial year will occur (i.e. 1/3 of 40%). If the threshold is not reached for a financial year, no vesting related to annual revenues in respect of that financial year will occur.

- d) Management Performance Shares may be allocated only after the expiration of the Vesting Period, unless the Board of Directors of Sobi in an individual case resolves otherwise.
- e) In order for a Management Programme participant to be allocated Management Performance Shares it is a condition that, with certain specific exemptions, he/she has been permanently employed within the Sobi Group for the duration of the whole Vesting Period.
- f) If significant changes in the Sobi Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allocation of Management Performance Shares become unreasonable, the Board of Directors shall be entitled to make adjustments to the Management Programme, including, among other things, be entitled to resolve on a reduced allocation of Management Performance Shares, or that no Management Performance Shares shall be allocated at all.

Employee stock options

- a) In addition to the LTIP Award, the CEO as well as Band B1 and Band B2 participants (approximately 31 employees in total) shall free of charge be awarded employee stock options ("**Options**").
- b) The Options shall not be deemed securities and shall be non-transferable.
- c) The Options shall be awarded as soon as possible after the Annual General Meeting 2019. For new employees awards may take place at a later point in time but no later than on 31 December 2019.

- d) Each Option shall entitle the holder to acquire one Sobi common share ("**Option Share**") at a strike price equivalent to 105% of the volume-weighted average price paid for the Sobi common share at Nasdaq Stockholm, adjusted for any dividend payments, during a period of ten trading days immediately prior to the commencement of the Vesting Period (the "**Strike price**"). The Strike Price shall be rounded to the nearest SEK 0.01, whereby SEK 0.005 shall be rounded upwards. The Strike price and the number of Option Shares that may be acquired for each Option will be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.
- e) The value of each award of Options will amount to (i) 150% of the gross annual fixed salary in 2019 for the CEO, (ii) 75% of the gross annual fixed salary in 2019 for each Band B1 participant, on an individual basis and (iii) 75% of the gross annual fixed salary in 2019 for for each Band B2 participant, on an individual basis. The valuation of the Options will be carried out pursuant to Black & Scholes. The aggregate number of Options awarded will not exceed 1,502,942 and amount to:
- CEO: no more than 301,973 Options.
- Band B1: no more than between 27,314 and 86,232 Options per person, depending on the size of the gross annual fixed salary in 2019.
- Band B2: no more than between 18,687 and 48,224 Options per person, depending on the size of the gross annual fixed salary in 2019.
- f) Each holder of Options shall be entitled to exercise the Options as from the third anniversary of the award date, up to and including the fifth anniversary of the award date ("**Exercise Period**"), subject to satisfaction of the condition in section h) below as well as the satisfaction of the performance condition set out in section g) below. In accordance with customary terms and conditions, it shall be possible to exercise the Options prematurely in the event of, inter alia, compulsory redemption of shares, liquidation or merger.
- g) The vesting of Options will be subject to the Sobi Group's actual average revenues reaching or exceeding the Sobi Group's average target revenues, as set out in the budgets established by the Board of Directors, over the financial years 2019-2021. If the threshold is reached or exceeded, full vesting of Options will occur. If the threshold is not reached, no vesting of Options will occur
- h) In order for a Management Programme participant to be eligible to exercise Options it is a condition that, with certain specific exemptions, he/she has been permanently employed within the Sobi Group from the start of the Vesting Period up until the time of exercise of Options.
- i) If significant changes in the Sobi Group or in the market occur which would result in a situation where the Board of Directors considers the number of Options subject to exercise to be unreasonable, the Board of Directors shall be entitled to reduce the number of Options subject to exercise. Such reduction may result in the number of Options subject to exercise being reduced to zero. Further, the value of each Sobi common share received

upon exercise of Options shall be capped to five times the Strike price, meaning that the number of Sobi common shares delivered to Management Program participants upon exercise of Options may be reduced.

II. The All Employee Programme

It is proposed that the All Employee Programme be open to approximately 810 permanent employees of the Sobi Group ("**Employees**"), on the following terms and conditions and the terms and conditions set out in item A. III below.

- a) The All Employee Programme will require Employees to make investments of their own in common shares in Sobi on Nasdaq Stockholm ("**Employee Investment Shares**"). For each Employee Investment Share, the Employees will have the possibility to be allocated two common shares in Sobi free of charge ("**Employee Matching Shares**"), from Sobi or from a designated third party. The Employee Matching Shares will be allocated following expiration of the three-year vesting period, starting on the date the Employees are notified by Sobi of their admission to the All Employee Programme (the "**Vesting Period**"). Sobi must notify the Employees of their admission to the All Employee Programme no later than on 31 December 2019.
- b) The maximum number of Employee Investment Shares each Employee may invest in depends on the gross annual average fixed salary for Employees in 2019. Employee Investment Shares may be acquired for an amount corresponding to no more than 2.5% of the gross annual average fixed salary for Employees in 2019.
- c) All Employee Programme participants must purchase Employee Investment Shares in connection with the start of the Vesting Period.
- d) Employee Matching Shares may be allocated only after the expiration of the Vesting Period, unless the Board of Directors of Sobi in an individual case resolves otherwise.
- e) In order for an All Employee Programme participant to be allocated Employee Matching Shares it is a condition that, with certain specific exemptions, he/she has been permanently employed within the Sobi Group for the duration of the whole Vesting Period and that the participant, until the expiration of this Vesting Period, has retained the Employee Investment Shares purchased. Any disposal of Employee Investment Shares prior to the expiration of the Vesting Period will generally result in no Employee Matching Shares being allocated.

III. Terms and conditions applying to the Management Programme and the All Employee Programme

- a) The Board of Directors shall be authorised to establish the detailed terms and conditions for the Programmes. The Board of Directors may, in that regard, make necessary adjustments to satisfy certain regulations or market conditions outside Sweden.
- b) Participation in the Programmes presupposes that such participation is legally possible in the various jurisdictions concerned and that the administrative costs and financial efforts are reasonable in the opinion of the Board of Directors.

- c) The Programmes shall jointly comprise no more than 3,418,928 common shares in Sobi, of which 1,044,043 constitute Management Performance Shares, 1,502,942 constitute Option Shares and 126,360 constitute Employee Matching Shares. The remaining 745,583 common shares in Sobi are such shares that may be transferred by Sobi in order to cover the cash flow effects associated with the Programmes, primarily social security charges.
- d) The number of Employee Matching Shares, Option Shares and Management Performance Shares, will be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.

Costs for the Programmes etc.

The costs for the Programmes, which are charged in the profit and loss account, are calculated according to the accounting standard IFRS 2 and distributed on a linear basis over the Vesting Period. The calculation has been made based on the following assumptions: (i) a market price of the Sobi common share of SEK 200, (ii) no dividend is paid by Sobi during the Programmes, (iii) an assessment of future volatility in respect of the Sobi common share, (iv) full vesting of Management Performance Shares related to annual revenues will occur, and (v) full vesting of Options. In total, this can lead to maximum costs for the Programmes of approximately SEK 199.1 million, excluding social security costs. The costs for social security charges are calculated to approximately SEK 86.3 million assuming an annual share price increase of 10% during the Vesting Period. In addition to what is set forth above, the maximum costs for the Programmes have been based on a share price of SEK 200 at the time of the commencement of the Vesting Period, that the Programmes comprise 1,120 participants in total, that each All Employee Programme participant makes a maximum investment and based on historical employee turnover for the Sobi Group of 5%. If the share price increases from SEK 200 with 10% until the implementation of the Programmes the effect on costs would only be marginal as the number of Employee Matching Shares, Management Performance Shares and Option Shares would be reduced correspondingly. Also in case of a decrease in the share price the effect on costs would be marginal. Based on the assumptions above the annual costs for the Programmes, including social security charges, corresponds to approximately 6.4% of Sobi's total annual employee costs.

If the Programmes had been implemented in 2018, if the company had had costs in accordance with the example in the preceding paragraph, and Employee Matching Shares, Management Performance Shares and Option Shares had been allocated in 2018 in accordance with the assumptions in the sample calculation, which among other things assumes an annual share price increase of 10% during the Vesting Period, the earnings per share for the financial year 2018 had decreased by SEK 0.40 to SEK 8.57 and the shareholders' equity per share for the financial year 2018 had decreased by SEK 0.52 to SEK 32.58.

Dilution

Upon full allocation of Employee Matching Shares, Management Performance Shares and Option Shares, the number of shares under the Programmes amounts to 2,673,345 common shares in Sobi, corresponding to a dilution effect of approximately 0.90% of the share capital and the votes. Aggregated with the 745,583 shares that may be transferred in order to cover the cash flow effects associated with the Programmes, primarily social security charges, the maximum dilution effect of the Programmes amounts to approximately 1.15% of the share capital and the votes. If all outstanding long-term

incentive programmes are included in the calculation, then the corresponding maximum level of dilution amounts to 1.96%.

Hedging arrangements

The Board of Directors has considered different methods for transfer of shares under the Programmes, in order to implement the Programmes in a cost-effective and flexible manner. The Board of Directors has found the most cost-effective alternative to be, and thus proposes that the Annual General Meeting as a main alternative resolves on (i) a directed issue of redeemable and convertible series C shares and (ii) an authorisation for the Board of Directors to resolve on the repurchase of all issued redeemable and convertible series C shares. Following conversion to common shares in Sobi, the shares are intended to be transferred to the participants of the Programmes as well as transferred on a regulated market in order to cover the cash flow effects associated with the Programmes, primarily social security charges. For this purpose, the Board of Directors further proposes that the Annual General Meeting resolves (iii) on transfers of own common shares free of charge to the participants of the Programmes. As further described in item B.III below, the Board of Directors proposes that shares acquired for the purpose of securing Sobi's obligations under previous incentive programmes also may be transferred under the Programmes. The detailed conditions for the Board of Directors' main alternative are set out in item B. below.

Since the Programmes, in principle, are not expected to give rise to any initial social security payments for the Sobi Group, the Board of Directors has decided not to propose to the Annual General Meeting 2019 to resolve on transfers of own common shares on a regulated market in order to cover such payments. However, prior to the transfers of common shares to the participants of the Programmes, the Board of Directors intends to propose to the Annual General Meeting 2022 that transfers be made of own common shares on a regulated market in order to cover such costs.

Should the majority required under item B. below not be reached, the Board of Directors proposes that Sobi shall be able to enter into an equity swap agreement with a third party, in accordance with item C. below.

Preparations of the proposal

The Compensation & Benefits Committee of Sobi has prepared guidelines for the proposed Programmes. These guidelines have been presented for and adopted by the Board of Directors.

The Board of Directors has established shareholding guidelines which recommend that the CEO and other members of the Executive Committee (Band B1 participants) accumulate personal holdings in Sobi shares representing a value of an annual gross base salary for the CEO and 50% of an annual gross base salary for other members of the Executive Committee, by maintaining Sobi shares already held as well as Sobi shares allocated under the Programmes and under previous incentive programmes. It is recommended that the personal holding of shares is established within three years from the date the shareholding guidelines were originally introduced in 2017 and, for new hires, within three years from being appointed Executive Committee Member. It is recommended that the CEO and other Executive Committee members maintain shares of such a value for the duration of their appointment as CEO or other Executive Committee member.

Hedging arrangements in respect of the Programmes

B. Directed issue of redeemable and convertible series C shares, authorisation for the Board of Directors to resolve to repurchase all issued redeemable and convertible series C shares and transfers of own common shares to the participants of the Programmes

I. Resolution on a directed issue of redeemable and convertible series C shares

Increase of Sobi's share capital by no more than SEK 1,351,258.53 through an issue of no more than 2,462,630 series C shares in Sobi. The issue shall be effected on the following terms:

- a) The new shares shall – with deviation from the shareholders' preferential right to subscribe for shares – be subscribed for only by an external party who has been informed in advance.
- b) The price to be paid for each new share shall correspond to the quotient value of the share at the time of the subscription of the shares.³
- c) The new shares shall be subscribed for during the period 10 May – 9 November 2019. Oversubscription is not permitted.
- d) Payment for shares subscribed for shall be effected at subscription of the shares.
- e) The new shares shall be entitled to dividends from and including the financial year 2019.
- f) The new shares will be subject to restrictions as set forth in Chapter 4, Section 6 (conversion provision) and Chapter 20, Section 31 (redemption provision) in the Swedish Companies Act (SFS 2005:551).

II. Authorisation for the Board of Directors to decide on a repurchase of all issued redeemable and convertible series C shares

Authorisation for the Board of Directors to decide on a repurchase of all issued redeemable and convertible series C shares in Sobi on the following terms:

- a) Repurchase may be made through a public offer directed to all owners of series C shares in Sobi.
- b) The authorisation is valid and may be exercised on one or several occasions until the Annual General Meeting 2020.
- c) The number of series C shares permitted to be repurchased shall amount to no more than 2,462,630.
- d) Repurchase of shares shall be made at a lowest price per share of 100% and a highest price of 105% of the quotient value, applicable at the time of the subscription of shares according to section B.I above.

³ The quotient value of the share as per the day of this notice is approximately SEK 0.55.

- e) Payment for shares repurchased shall be made in cash.
- f) The Board of Directors shall be authorized to establish additional terms for the repurchase.
- g) Repurchase shall also include a so-called interim share, designated by Euroclear Sweden AB as a "paid subscription share" (Sw. *BTA*) relating to a series C share.

The repurchase of own shares is an integrated part of the hedging arrangements for the Programmes. The reason for the proposed possibility to repurchase own shares is that Sobi shall be able to fulfil its obligations pursuant to the Programmes in a cost-effective manner.

III. Resolution on transfers of own common shares to the participants of the Programmes

Series C shares have been issued and repurchased by Sobi under previous incentive programmes for the purpose of securing Sobi's obligations under such programmes. Those shares have been converted to common shares. Full allocation of shares will not take place under these programmes and, accordingly, all shares will not be required to secure the obligations under such programmes. The Board of Directors proposes that 956,298 common shares, which are no longer required to secure the obligations of Sobi under previous incentive programmes, together with the shares issued and repurchased in accordance with items B.I and B.II above, following conversion to common shares, may be transferred under the Programmes.

Transfers of Sobi's own common shares to the participants of the Programmes may be made on the following terms:

- a) Transfers may be made only of common shares in Sobi, whereby a maximum of 2,673,345 common shares in Sobi (corresponding to 1,044,043 Management Performance Shares, 1,502,942 Option Shares and 126,360 Employee Matching Shares) may be transferred free of charge to participants of the Programmes.
- b) Right to purchase common shares in Sobi free of charge shall – with deviation from the shareholders' preferential rights – be granted to such persons within the Sobi Group who are participants in the Programmes.
- c) Transfers of common shares in Sobi shall be made free of charge at the time and on the other terms that the Programmes' participants are entitled to be allocated shares.
- d) The number of common shares in Sobi that may be transferred under the Programmes will be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.

C. *Equity swap agreement with a third party*

Should the majority required under item B. above not be reached, the Board of Directors proposes that the Annual General Meeting resolves that the expected financial exposure of the Programmes shall be hedged by Sobi being able to enter into an equity swap agreement with a third party on terms in

accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer common shares in Sobi to participants of the Programmes.

Conditions

The Annual General Meeting's resolution on the implementation of the Management Programme according to item A.I above and the Annual General Meeting's resolution on the implementation of the All Employee Program according to item A.II above, respectively, are conditional upon Annual General Meeting either resolving in accordance with the Board of Directors' proposal under item B. above or in accordance with the Board of Directors' proposal under item C. above.

Majority requirements, etc.

Each of the Annual General Meeting's resolutions according to item A.I and item A.II above requires a simple majority of the votes cast. A valid resolution under item B. above requires that shareholders representing not less than nine-tenths of the votes cast as well as of the shares represented at the Annual General Meeting approve the resolution. A valid resolution under item C. above requires a simple majority of the votes cast.

The issue, repurchase and transfer of shares in Sobi are integral parts of the proposed Programmes. Therefore, and in light of the above, the Board of Directors considers it to be advantageous for Sobi and the shareholders that the Programmes' participants are invited to become shareholders in Sobi.

For the purpose of minimising Sobi's costs for the Programmes, the subscription price has been set at the quotient value of the share.

Previous incentive programmes in Sobi

For a description of the company's other long-term incentive programmes, reference is made to the company's annual report for 2018, note 11, and the company's web site, www.sobi.com. No other long-term incentive programmes than those described herein or in the annual report for 2018, note 11, have been implemented in Sobi.

Authorisation for the CEO

The Board of Directors proposes that the CEO shall be authorized to make the minor adjustments to the above resolution regarding the directed issue of redeemable and convertible series C shares in connection with the registration thereof with the Swedish Companies Registration Office (Sw: *Bolagsverket*). and Euroclear Sweden AB.

Proposal regarding the approval to authorise the issuance of new shares and/or convertible bonds and/or warrants (item 19)

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to resolve, on one or several occasions, prior to the next Annual General Meeting, on a pre-

emptive or non-pre-emptive basis, on the issuance of shares and/or convertible bonds and/or warrants. Such resolution may provide for payment in kind, payment against set-off of claims and/or on other conditions. The number of shares that may be issued, the number of shares that convertible bonds may be converted into and the number of shares that may be subscribed for by the exercise of warrants may not exceed 33,000,000 shares in total.

If the authorisation is exercised in full, the dilution would amount to approximately 10% of the number of shares in the company (counted after the authorisation has been fully exercised).

The Board of Directors, or any person appointed by it, is authorised to make any minor adjustments to the resolution that may be necessary to enable registration with the Swedish Companies Registration Office.

Majority requirements, etc.

The purpose of the authorisation is to enable payment through the issuance of own financial instruments in connection with possible acquisitions that the company may make as well as to raise capital in connection with and in order to finance such acquisitions. A valid resolution in accordance with the Board of Directors' proposal requires that shareholders representing at least two-thirds of both the number of votes cast and the shares represented at the Annual General Meeting support the resolution.

Proposal regarding transfer of own shares (item 20)

The Board of Directors proposes that the Annual General Meeting resolves that not more than 85,775 common shares may, prior to the Annual General Meeting 2020, be transferred for the purpose of covering certain payments, primarily social security charges that may occur in relation to the Incentive Programme 2016. Transfer of shares shall be effected on Nasdaq Stockholm at a price within the, at each time, prevailing price interval for the share. The number of shares that may be transferred shall be subject to recalculation in the event of an intervening bonus issue, split, rights issue and/or other similar events.

Majority requirements, etc.

The purpose of the Board of Directors' proposal to transfer shares is to secure for future cash flow effects due to payments of social security costs connected with the Incentive Programme 2016. A valid resolution requires approval of shareholders representing at least two-thirds of the votes cast as well as the shares represented at the Annual General Meeting.

Additional information

Information regarding all board members proposed to the Board of Directors of Swedish Orphan Biovitrum AB (publ) as well as the Nomination Committee's proposal and motivated opinion are available on the company's web site. The annual report, the audit report and other documents will be held available at the company's office at Tomtebodavägen 23A, in Solna and at the company's web site, www.sobi.com, not later than from Thursday, 18 April 2019, and will be sent without charge to those shareholders who so request and who inform the company of their postal address.

Information at the Annual General Meeting

The Board of Directors and the CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation or the company's relation to other companies within the group. Shareholders may submit questions in advance by sending them to Swedish Orphan Biovitrum AB (publ), "Annual General Meeting", SE-112 76 Stockholm or by email: communication@sobi.com.

Processing of personal data

For information on how personal data is processed in connection with the Annual General Meeting, visit www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf

Stockholm in April 2019
Swedish Orphan Biovitrum AB (publ)
The Board of Directors