

NOTICE OF ANNUAL GENERAL MEETING IN KARO PHARMA AB (publ)

Shareholders in **Karo Pharma AB (publ)** are hereby called to the annual general meeting on **Thursday May 12, 2016 at 4.00 p.m.** in the Lounge, Hotel Diplomat, Strandvägen 7a in Stockholm, Sweden.

Right to attend

Entitled to attend the annual general meeting are those who are both registered shareholders in the share register held by Euroclear Sweden AB at the record date May 6, 2016 and have notified the company of their intention to attend the general meeting no later than on May 6, 2016.

Shareholders with nominee-registered shares must temporarily register their shares in their own name with Euroclear Sweden AB to attend the meeting. Such registration must be completed by May 6, 2016 and should be requested well in advance of this date to the nominee of the shares.

Notification to attend

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

Proposal of Agenda

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

16. Election of chairman of the board
17. Determination of remuneration to the auditor
18. Election of auditor
19. Resolution on principles for the nomination committee
20. Resolution on principles for remuneration of executive management
21. Resolution for authorization of the board of directors to resolve on new issues of shares
22. Closing

Proposals by the nomination committee (items 2 and 13-19)

The nomination committee in respect of the annual general meeting 2016 has at the time of publication of this notice not informed the company of its proposals regarding items 2 and 13-19 on the agenda. The company can therefore not include any proposals on these items in this notice, but will make the nomination committee's proposals public as soon as it has been informed of these.

Proposals by the Board of Directors

Proposal for allocation of the company's result (item 10)

The board of directors proposes that no dividend be paid for the financial year 2015 and that the funds available for disposal of the annual general meeting of SEK 359,758,654, including the loss for the year amounting to SEK -61,685,826, are carried forward.

Amendment of the articles of association

The board of directors proposes the annual general meeting to resolve on amendment of the articles of association as follows:

The registered office of the board shall be moved from Huddinge to Stockholm (§2)

The purpose of the company's business shall be changed to engaging in research, development, manufacture and trading in respect of products for health care, medical care and preventive care from "to develop, acquire and sell pharmaceutical products and to carry on contract research" (§ 3).

The board shall consist of no less than three members and no more than ten members. (§5)

§6 shall be amended to read as follows: "One or two auditors shall be appointed at the annual general meeting. A registered public accounting company may be appointed as auditor.

§7 "or in Huddinge" shall be removed

A valid resolution requires that the proposal is supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting.

Resolution on principles for remuneration of executive management (item 20)

The board of directors proposes the annual general meeting to resolve, with some minor adjustments, on unchanged guidelines for remuneration of executive management. The proposal entails the following main points:

For a satisfactory performance, remuneration shall be paid as a fixed salary. In addition to fixed salary, executives may also receive variable remuneration, as a reward for achieving targets in simple and transparent structures. The executives' variable remuneration should be based on the

extent to which stated operational goals are achieved. Karo Pharma's commitment to variable remunerations should be limited in relation to the fixed salary and not exceed 40 per cent of the fixed annual salary, before social costs, for each executive during the applicable time period. Remuneration shall include pension and holiday remuneration.

The executives' pension benefits shall be competitive in relation to what is generally applicable for corresponding executives on the market, and shall be based upon defined benefit pension schemes, or be connected to the ITP plan. Pension benefits are based on a retirement age of 65. The executives' non-monetary benefits (e.g. car and health care benefits) should facilitate the execution of the work and be determined by what is considered reasonable in relation to market custom and the benefit to the company. Notice and severance pay shall in total not exceed 12 months' salary for each executive. The guidelines shall include the CEO of Karo Pharma AB and the executive management that report directly to the CEO as well as possible CEO's of subsidiaries. To the extent a director of the board performs services on behalf of the company in addition to the work in the board, consulting fees on market terms may be payable. The board may derogate from the guidelines in an individual case where there are special reasons for doing so.

Resolution for authorization of the board of directors to resolve on new issues of shares (item 20)

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

A valid resolution requires that the proposal is supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting.

Information at the general meeting

At the annual general meeting, the board and the CEO shall, if any shareholder so requests and the board believes that it can be done without material harm to the company, provide information about conditions that may affect the assessment of an item on the agenda and the assessment of the company's financial position. The corresponding disclosure obligation also applies in relation to subsidiaries. The disclosure obligation also applies to the company's relation to other group companies and the consolidated accounts.

Available documents and information

Accounting documents, the auditor's report, the auditor's statement regarding compliance with existing principles for remuneration of executive management and the complete proposals will be available at the company and on the company's website at least three weeks before the meeting. Copies of the documents will be sent free of charge to shareholders who request these documents and state their address. The nomination committee's motivated statement to its proposal for members of the board will be announced on the company's website as soon as it has been received by the company.

Number of shares and votes in the company

At the time of issue of this notice, the total number of shares and votes in the company amounts to 49,925,755. The company holds no own shares.

Stockholm in April 2016
Karo Pharma AB (publ)
The Board of Directors