

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The shareholders of **Active Biotech AB (publ)** are invited to the Annual General Meeting of shareholders to be held on Tuesday, May 19, 2020, at 5 p.m. in the Company's offices, Scheelevägen 22 in Lund, Sweden.

INFORMATION RELATING TO THE CORONA VIRUS

As a result of the Corona virus, Active Biotech kindly asks the shareholders not to participate in this year's Annual General Meeting in person. Instead, Active Biotech encourages shareholders to carefully consider the possibility of participating in the meeting by way of proxy or advance voting (see below). Any questions to be raised by shareholders at the Meeting can be sent to the Company by e-mail to susanne.jonsson@activebiotech.com in advance of the Meeting. Written answers to the questions raised will be posted on the Company's website after the Meeting.

ENTITLEMENT TO PARTICIPATE

Shareholders who wish to participate in the Meeting must (i) be recorded in the register of shareholders maintained by Euroclear Sweden AB on Wednesday, May 13, 2020, and (ii) notify the Company of their intention to participate in the Meeting not later than on Wednesday, May 13, 2020.

Shareholders who have trustee-registered their shares must register the shares in their own name to be entitled to participate in the Meeting. Such registration, which may be temporary, must be completed on Wednesday, May 13, 2020. Accordingly, shareholders must inform the trustee of this request in ample time prior to this date.

There are 145,236,480 shares and votes in Active Biotech. The Company holds no treasury shares.

NOTICE OF PARTICIPATION

Notice of participation in the Meeting can be made in writing to Active Biotech AB (publ), Attn: Susanne Jönsson, P.O. Box 724, SE-220 07 Lund, Sweden, by telephone +46 (0)46-19 20 00 or by e-mail to susanne.jonsson@activebiotech.com. The notice shall include name, personal/corporate identity number, number of shares held, daytime telephone number and, if applicable, the number of advisors (not more than two) that will accompany the shareholder at the Meeting.

Shareholders represented by proxy shall issue a dated and signed 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 or corresponding document indicating the authorized signatories of the legal entity shall be appended. The original power of attorney and, where applicable, the certificate should be submitted to the Company at the address indicated above well in advance of the Meeting. Proxy forms are provided at the Company's website, www.activebiotech.com, and sent to shareholders that so request.

ADVANCE VOTING

The shareholders may exercise their voting rights at the Annual General Meeting by voting in advance. Active Biotech encourages all shareholders to use this opportunity in order to minimise the number of participants attending the Meeting in person and thus reduce the spread of the Corona virus.

A special form shall be used for advance voting. The form is available on Active Biotech's website, www.activebiotech.com. A shareholder exercising its voting right through advance voting do not need to notify the Company of its attendance to the Meeting. The advance voting form is considered as the notification of attendance to the Meeting.

The completed voting form must be submitted to Active Biotech so it is received no later than Wednesday, May 13, 2020. The completed and signed form shall be sent to the postal address or e-mail address stated under the section "Notice of participation" above. If the shareholder is a legal entity or is voting in advance by proxy, a certificate of incorporation or a corresponding document shall be enclosed to the form. The shareholder may not qualify the advance vote with special instructions or conditions. If so, the vote is invalid. Further instructions and conditions is included in the form for advance voting.

PROPOSED AGENDA

1. Opening of the Meeting
2. Election of Chairman of the Meeting
3. Preparation and approval of the voting list
4. Election of one or two persons to verify the minutes
5. Approval of the agenda for the Meeting
6. Determination of whether the Meeting has been duly convened
7. Presentation of the Annual Report and the Auditors' Report, and the Consolidated Accounts and the Auditors' Report for the Group
8. Resolution concerning the adoption of the Income Statement and the Balance Sheet, and the Consolidated Income Statement and the Consolidated Balance Sheet
9. Resolution concerning the disposition of the Company's results pursuant to the adopted Balance Sheet
10. Resolution on discharge from liability of the members of the Board of Directors and the CEO
11. Determination of the number of members and alternate members of the Board of Directors and the number of auditors and alternate auditors
12. Determination of fees payable to the Board of Directors and auditor
13. Election of the Board of Directors, Chairman of the Board and auditor
 - a) re-election of Michael Shalmi,
 - b) re-election of Uli Hacksell,
 - c) re-election of Peter Thelin,
 - d) new election of Axel Glasmacher,
 - e) new election of Aleksandar Danilovski,
 - f) new election of Elaine Sullivan,
 - g) re-election of Michael Shalmi as Chairman of the Board, and
 - h) re-election of KPMG AB as auditor of the Company.
14. Resolution concerning Election Committee
15. The Board of Director's proposal regarding guidelines for remuneration of senior executives
16. The Board of Director's proposal regarding amendment of the Articles of Association
17. The Board of Director's proposal regarding implementation of a long-term performance-based incentive program for the Company's employees
18. MGA Holding AB's proposal regarding implementation of a long-term performance-based incentive program for Board members
19. The Board of Director's proposal regarding share issue authorization
20. Closing of the Meeting

PROPOSED RESOLUTIONS

Disposition of the Company's results (item 9)

The Board of Directors proposes that no dividend is paid and that the Company's accumulated loss shall be carried forward.

Board of Directors, etc. (items 2 and 11 – 13)

The Election Committee, comprising Michael Shalmi (Chairman of the Board), Mats Arnhög (MGA Holding), Angela Langemar Olsson (Nordstjernan) and Per Colleen (Fourth Swedish National Pension Fund), proposes the following:

Chairman of the Meeting: attorney-at-law Erik Sjöman.

Number of members and alternate members of the Board of Directors: six ordinary members with no alternates.

Fees payable to the Board of Directors: unchanged SEK 500,000 to the Chairman of the Board and SEK 200,000 to each of the other Board members who are not employed by the Company. A member of the Board who performs work for the Company outside the scope of the Board work may also receive remuneration on market terms for such work performed.

Board of Directors: re-election of Michael Shalmi, Uli Hacksell and Peter Thelin and appointment of Axel Glasmacher, Aleksandar Danilovski and Elaine Sullivan as new members of the Board. The Board member Peter Sjöstrand has declined re-election.

Chairman of the Board: re-election of Michael Shalmi.

Number of auditors and alternate auditors: one auditor with no alternates.

Fees payable to the auditor: in accordance with approved invoices within the scope of the tender.

Auditors: re-election of KPMG AB. The proposal regarding auditor is in accordance with the recommendation by the Board of Directors.

Information on the proposed new Board members

Dr Axel Glasmacher, born in 1960, is since 2009 an adjunct professor of medicine at the University of Bonn, Germany. Axel Glasmacher has served as e.g. Head of Global Clinical R&D and Senior Vice President for Celgene. He holds a position as member of the Clinical Advisory Board of Oncopeptides AB and as a member of the Board of Cancer Drug Development Forum. In addition, Axel Glasmacher is the Non-Executive Chairperson of the Board of Directors to 4D pharma plc and a member of the Supervisory Board of Selvita S.A. (Ryvü S.A.).

Dr Aleksandar Danilovski, born in 1974, received his Ph.D. in Chemistry from Cambridge University and University of Zagreb. He is currently Chief Scientific Officer (CSO) at Xellia Pharmaceuticals. Previously, he has served as Head of European R&D for Barr Laboratories, Inc. and Member of Management Board of PLIVA Pharmaceuticals. Aleksandar Danilovski holds a position as Board member of Pharmaero ApS and as Member of the Scientific Selection Board of Novo Holdings – REPAIR Impact Fund.

Dr Elaine Sullivan, born in 1961, received her Ph.D. in Molecular Virology from the University of Edinburgh. Elaine Sullivan is the CEO and Co-Founder of Curadh Therapeutics which she Co-Founded in 2020. She was a member of the most senior R&D management teams in Lilly and AstraZeneca. At Lilly she worked as Vice President Global External Research & Development and she held various positions at Astra Zeneca, including Vice President R&D; Head of New Opportunities Therapy Area and Vice President, Science & Technology. She was the Co-founder of Carrick Therapeutics where she served as Chief Executive Officer. She is a Non-Executive Director of the IP Group plc and a Member of the Supervisory Board of Evotec AG.

For further information on the proposed members of the Board of Directors, etc., see the Election Committee's complete proposal which is available at Active Biotech's website, www.activebiotech.com.

Election Committee (item 14)

The Election Committee proposes that the Meeting assign the Chairman of the Board the task of convening an Election Committee, based on the ownership structure at the end of September 2020, comprising the Chairman of the Board and one member appointed by each of the three largest shareholders of the Company. The Election Committee shall remain in place until the following Election Committee has been appointed. If a member of the Election Committee no longer represents one of the three largest shareholders in the Company, the Election Committee is entitled to dismiss the member. In the event that a member of the Election Committee resigns or is dismissed, the Election Committee

may appoint another member nominated by the major shareholders to replace such a member. The Election Committee shall perform its duties in accordance with the stipulations for Election Committees stated in the Swedish Code of Corporate Governance.

Guidelines for remuneration of senior executives (item 15)

The Board of Directors proposes guidelines principally entailing that the Company shall offer an attractive and competitive remuneration in order to recruit and retain highly experienced personnel. Remuneration of senior executives may comprise base salary, a variable cash-based short-term incentive program, pension benefits, company car and other benefits.

The variable cash-based short-term incentive program may amount to not more than 50 percent of the fixed annual base salary for the CEO & President and 25 percent for other executives. The variable cash-based short-term incentive program shall be linked to predetermined and measurable targets which can be financial or non-financial. These targets may be collective or individualized, and be either quantitative or qualitative in nature. The criteria shall be designed so successful delivery of a target directly contributes to the successful delivery of the Company's business objective for the year. The Board of Directors shall define the targets applicable for the variable cash-based short-term incentive during the first quarter of the year. To which extent the target achievement has been met, and a cash-based short-term incentive shall be awarded, shall be evaluated at the end of the year. The Board is responsible for this evaluation so far as it concerns cash-based short-term incentive to the CEO. For variable cash-based short-term incentive to other executives, the CEO is responsible for the evaluation following consultation with the Board.

Payments under the variable cash-based short-term incentive program shall not qualify for pension benefits. Pension benefits are to comprise defined-contribution schemes. For senior executives covered by the ITP plan, the pension premium is to correspond to the stipulations of the ITP plan. For other senior executives, the pension premium is to not exceed 25 percent of the fixed salary.

Other benefits may include, for example, health care insurance and company car. Such benefits may amount to not more than 10 percent of the fixed annual base salary.

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

Amendment of the Articles of Association (item 16)

The Board proposes that the Meeting resolves to amend the Articles of Association so that

- (i) the record day provision (§ 10), due to changes in legislation, shall read "*The company's shares shall be registered in a securities register in accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (SFS 1998:1479).*",
- (ii) the Swedish word "*firma*" (En. *name*) in the name provision (§ 1), due to changes in legislation, shall be replaced with the Swedish word "*företagsnamn*" (En. *name*),
- (iii) the exact time (4:00 p.m.) in the notification of intent to participate in a general meeting provision (§ 11) shall be removed, and
- (iv) a new provision (§ 12) shall be included in relation to the place for General Meetings, which shall read "*General meeting shall be held in Lund or Stockholm, Sweden.*".

The Board of Directors' proposal regarding adoption of a long-term performance-based incentive program for the Company's employees (item 17)

The Board of Directors proposes, following due consultation with the largest shareholders of Active Biotech, that the Annual General Meeting resolves to adopt a long-term performance-based incentive

program for employees within the Active Biotech group in accordance with items 17(a) – (c) below. The rationale for the program is to create conditions for motivating and retaining competent key individuals of the Active Biotech group as well as for the promotion of the Company’s business strategy, long-term interest and a sustainable business, and for the alignment of the targets of the participants with those of the Company.

The resolutions under items 17(a) – (c) below are proposed to be conditional upon each other and for that reason it is proposed that all resolutions are to be passed as one resolution.

Adoption of the long-term performance-based incentive program (item 17(a))

Summary of the program

The Board of Directors proposes that the Annual General Meeting resolves to adopt a long-term performance-based incentive program (“**Plan 2020/2024**”). The Plan 2020/2024 is proposed to include employees within the Active Biotech group, approximately eight persons today. The participants in the Plan 2020/2024 are required to invest in Active Biotech shares at market terms (“**Saving Shares**”). The participants will thereafter have the opportunity to receive further shares free of charge in accordance with the Plan 2020/2024 (“**Performance Shares**”) as further set out below.

Personal investment

In order to participate in the Plan 2020/2024, the participant must have made a private investment in the Company by acquiring Saving Shares at Nasdaq Stockholm. Such investment may amount to no more than 15 percent of the respective participant’s annual gross base salary and shall be made no later than 31 March each year up to and including year 2023, however no later than 31 May in 2020.¹ For each Saving Share held under the Plan 2020/2024, the Company will grant participants a right to up to two Performance Shares free of charge provided that certain conditions are fulfilled (“**Rights**”).

Terms and conditions

A Right will be exercised provided that the participant has kept its own original Saving Shares and has maintained its employment within the Active Biotech group up to and including 31 December the year in which the investment in Savings Shares was made (the “**Vesting Period**”).

In addition to the requirement for the participants’ maintained employment and retained Saving Shares during the Vesting Period, certain conditions relating to the Company’s performance during the year shall also have been achieved (the “**Performance Targets**”). The Board of Directors will define the Performance Targets on an annual basis, in accordance with the progress made in the business of the Company, to secure a continued positive value development. Such targets will comprise a combination of financial measures (costs) and portfolio progress (timing of initiation and completion of activities as well as type of results obtained). The fulfilment of the Performance Targets shall, with certain exceptions, be assessed within the financial year in which the investment in the Savings Shares was made. Should the Performance Targets be met to 100 percent or more, each Right entitles to two Performance Shares. Should the Performance Targets be met to 50 percent or more, but less than 100 percent, each Right entitles to one Performance Share. In the event of the Performance Targets being met to less than 50 percent, no Performance Shares will be awarded. Allotment of Performance Shares is conditional upon that the participant undertakes to maintain, for the duration of Plan 2020/2024, a shareholding at least corresponding to the cumulative number of Saving Shares acquired by each respective participant over the years of the Plan 2020/2024.

The Rights

The Rights shall, in addition to what is set out above, be governed by the following terms and conditions:

- Rights are granted free of charge following investment in Saving Shares.

¹ If investment in Saving Shares is prohibited at such date due to applicable rules and regulations, the investment may be made at a later date.

- Rights may not be transferred or pledged.
- Vested Rights shall be exercised automatically, and the corresponding number of Performance Shares shall be delivered within 30 days following that the Board has reviewed and determined the degree of completion of the Performance Targets.
- The number of Rights will be re-calculated in the event that changes occur in Active Biotech's capital structure, such as a bonus issue, merger, rights-issue, share split or reverse share split, reduction of the share capital or similar measures.

Preparations of the proposal

The Board of Directors has prepared the Plan 2020/2024 in consultation with external advisors.

Finalization and administration

The Board of Directors shall be responsible for preparing the detailed terms and conditions of the Plan 2020/2024, in accordance with the above terms and conditions. In connection therewith, the Board shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board may also make other adjustments if significant changes in the Active Biotech group or its environment would result in a situation where the adopted terms and conditions of the Plan 2020/2024 no longer serve their purpose or the rationale for the proposal, including, *inter alia*, that adjustments may be decided with respect to the terms and conditions for measuring performance, and the basis for such calculation.

In the event of a public take-over offer, asset sale, liquidation, merger or any other such transaction affecting Active Biotech, the Board of Directors is entitled to resolve that the Rights shall vest on beforehand upon completion of such transaction and/or to amend the Performance Targets as deemed appropriate given the situation at hand.

Scope, costs and dilution of the Plan 2020/2024

The Plan 2020/2024 will be accounted for in accordance with IFRS 2 which stipulates that the Rights should be recorded as personnel expenses during the Vesting Period. The costs for the Plan 2020/2024 are estimated to amount to approximately 7.5 MSEK calculated in accordance with IFRS 2 based on the following assumptions: (i) that 1,262,000 Rights are allotted, (ii) a price of the Company's share at 2.74 SEK based on the closing price on Nasdaq Stockholm on 16 April 2020, (iii) an estimated average annual increase in the share price of 20 percent and (iv) an average fulfilment of the Performance Targets of 100 percent. In addition to what is set forth above, the costs for the Plan 2020/2024 have been based on that each participant exercises its maximum investment in the Plan 2020/2024 and that all participants have maintained their employment by the end of the Vesting Period.

Upon maximum allotment of Performance Shares, 2,524,000 shares will be allotted under the Plan 2020/2024, meaning a dilution of approximately 1.7 percent of the number of outstanding shares in the Company. The annual cost of the Plan 2020/2024, under the above assumptions, corresponds to approximately ten percent of Active Biotech's total personnel costs in 2019, including social charges.

Tax implication of Plan 2020/2024

Participants in Plan 2020/2024, residing in Sweden for tax purposes, who receive Performance Shares, are considered to have received a benefit that is taxable as ordinary income at the time when the Rights are vested and automatically exercised and the Performance Shares are obtained.

Active Biotech is required to pay social security charges based on an amount corresponding to the taxable benefit, as set forth above.

The market value of the Performance Shares at time of transfer equals the value of the taxable benefit and corresponds to the acquisition cost of the shares. When the shares at a later stage are sold, such transaction will be taxed in the capital income category.

Delivery of shares under Plan 2020/2024

In order to ensure the delivery of shares under Plan 2020/2024, the Board of Directors proposes that the Meeting resolves to issue warrants in accordance with item 17(b) below.

Proposal regarding issue of warrants (item 17(b))

In order to ensure the delivery of shares under Plan 2020/2024, the Board of Directors proposes that the Annual General Meeting resolves to issue not more than 2,524,000 warrants, whereupon the Company's share capital may be increased by not more than approximately SEK 13,034.

The right to subscribe for the warrants shall, with deviation from the shareholders' pre-emptive rights, only vest with Active Security Trading AB, a wholly-owned subsidiary of Active Biotech, for the purpose of subscription and subsequent transfer of the subscribed for shares to the participants in accordance with the terms of Plan 2020/2024. The reason for the deviation from the shareholders' pre-emptive rights is the implementation of Plan 2020/2024.

The warrants shall be issued free of charge. The exercise price for subscription for shares based on the warrants shall correspond to the share's quota value.

Proposal regarding transfer of shares (item 17(c))

The Board of Directors proposes that the Annual General Meeting resolves to approve that Active Security Trading AB may transfer such shares that are subscribed for based on the warrants issued in accordance with item 17(b) above, or other shares as deemed appropriate, to the participants in Plan 2020/20204 and pursuant to the terms thereof.

Other information

A resolution in accordance with the proposals under item 17 shall only be valid where supported by not less than nine-tenths of both the votes cast and the shares represented at the Meeting.

MGA Holding AB's proposal regarding implementation of a long-term performance-based incentive program for Board members (item 18)

MGA Holding AB (the "**Major Shareholder**") proposes that the Annual General Meeting resolves to adopt a long-term performance-based incentive program for the Board members in accordance with items 18(a) – (c) below. The rationale for the program is to create conditions for motivating and retaining competent Board members and to focus the participants on delivering exceptional performance, which contributes to value creation for all shareholders.

The resolutions under items 18(a) – (c) below are proposed to be conditional upon each other and for that reason it is proposed that all resolutions are to be passed as one resolution.

Adoption of the long-term performance-based incentive program (item 18(a))

Summary of the program

The Major Shareholder proposes that the Annual General Meeting resolves to adopt a long-term performance-based incentive program (the "**Board Plan 2020/2023**"). The Board Plan 2020/2023 is proposed to include all Board members of Active Biotech. The participants in the Board Plan 2020/2023 are required to invest in Active Biotech shares at market terms ("**Saving Shares**") each year. The participants will thereafter be granted the opportunity to receive further shares free of charge in accordance with the Board Plan 2020/2023 ("**Performance Shares**") as further set out below.

Personal investment

In order to participate in the Board Plan 2020/2023, the participant must have made a private investment in the Company from the Board Fee otherwise received in cash, by acquiring Saving Shares at Nasdaq

Stockholm. Such investment may amount to no more than 100 percent of the gross Board remuneration payable to each Board member and shall each year be made no later than 30 trading days following the Annual General Meeting on which the participant was appointed Board member of the Company up to and including year 2023.² Additionally, the Saving Shares acquired in one year shall remain invested through a minimum of approximately twelve months, i.e. until the end of the Annual General Meeting held the subsequent year, in order for the participant to be eligible to participate in the Board Plan 2020/2023 for the subsequent year.

For each Saving Share acquired (for up to 50 percent of the gross Board remuneration payable to each Board member), the Company will grant participants a right to one Performance Share free of charge, provided that certain conditions are fulfilled (“**Rights**”).

Terms and conditions

The Rights shall vest over approximately three years, corresponding to three equal terms up to the date of the Annual General Meeting being held three years after the investment in Saving Shares, where each term equals the period from one Annual General Meeting up to the day falling immediately prior to the next Annual General Meeting (each such period a “**Term**”). The Rights shall vest by 1/3 at the end of each Term. In addition thereto, vesting of the Rights is also subject to the following conditions:

- Vesting of the Rights is subject to the development of the Active Biotech share price over the period from the date of the investment in Saving Shares up to and including the date of the Annual General Meeting falling three years after each respective investment in Saving Shares. The development of the share price will be measured based on the volume weighted average price of the Active Biotech share on Nasdaq Stockholm for the 30 trading days immediately following the date of investment in Saving Shares, and any 30 consecutive trading days up to the date of the Annual General Meeting falling three years after each respective investment in Saving Shares. In the event the price of Active Biotech’s share in this period has increased by more than 60 percent, 100 percent of the Rights shall vest. Should the share price have increased by 20 percent, 33 percent of the Rights shall vest. In the event of an increase of the share price of between 20 and 60 percent, vesting of Rights will occur linearly. Should the increase of the share price be less than 20 percent, no vesting will occur.
- The earliest point in time at which vested Rights may be exercised shall be the day falling immediately after the Annual General Meeting 2023. Each vested Right then entitles the holder to receive one share in Active Biotech free of charge. The latest point in time at which vested Rights may be exercised shall be the day falling immediately after the Annual General Meeting 2026.
- The Rights will be subject to “Good and Bad leaver” provisions. If not considered a Bad leaver, a Board member shall be entitled to maintain any unvested Rights. Bad leaver status shall be applied if Board members elects not to be eligible, or becomes ineligible for election (except for situations of retirement, death or permanent incapacity to work due to illness or accident) or actively declines re-election.
- The Rights may not be transferred or pledged. The number of Rights will be re-calculated in the event that changes occur in Active Biotech’s capital structure, such as a bonus issue, merger, rights-issue, share split or reverse share split, reduction of the share capital or similar measures.

Preparations of the proposal

The Major Shareholder has prepared this Board Plan 2020/2023 in consultation with external advisors. The Chairman of the Board has taken part in the early phase of the preparation of the proposal.

Finalization and administration

² If investment in Saving Shares is prohibited at such date due to applicable rules and regulations, the investment may be made at a later date.

The Major Shareholder shall be responsible for preparing the detailed terms and conditions of the Board Plan 2020/2023, in accordance with the above terms and conditions. The Major Shareholder shall also be entitled to make adjustments to meet foreign regulations or market conditions, and make other adjustments if significant changes in the Active Biotech group or its environment would result in a situation, where the adopted terms and conditions of the Board Plan 2020/2023 no longer serve their purpose or the rationale for the proposal, including, *inter alia*, that adjustments may be decided with respect to the terms and conditions for measuring performance, and the basis for such calculation.

In the event of a public take-over offer, asset sale, liquidation, merger or any other such transaction affecting Active Biotech, the Major Shareholder is entitled to resolve that the Rights shall vest on beforehand upon completion of such transaction and/or to amend the Performance Target as deemed appropriate given the situation at hand.

Scope, costs and dilution of the Board Plan 2020/2023

The Board Plan 2020/2023 will be accounted for in accordance with IFRS 2 which stipulates that the Rights should be recorded as personnel expenses during the vesting period. The costs for the Board Plan 2020/2023 are estimated to amount to approximately 3.6 MSEK calculated in accordance with IFRS 2 based on the following assumptions: (i) that 851,000 Rights are allotted, (ii) a price of the Company's share at 2.74 SEK based on the closing price on Nasdaq Stockholm on 16 April 2020 and (iii) that the above performance target is fulfilled. In addition to what is set forth above, the costs for the Board Plan 2020/2023 have been based on that each participant exercises its maximum investment in the Board Plan 2020/2023 and that all participants have maintained their positions as Board members by the end of the vesting period.

Upon maximum allotment of Performance Shares, 851,000 shares will be allotted under the Board Plan 2020/2023, meaning a dilution of approximately 0.6 percent of the number of outstanding shares in the Company. The total dilution, including dilution resulting from the Plan 2020/2024 as set forth in item 17, amounts to approximately 2.3 percent. The annual cost of the Board Plan 2020/2023, under the above assumptions, corresponds to approximately five percent of Active Biotech's total personnel costs in 2019, including social charges. The corresponding number including the Plan 2020/2024 is 15 percent.

Tax implication of Board Plan 2020/2023

Participants in Board Plan 2020/2023, residing in Sweden for tax purposes, that receive Performance Shares are considered to have received a benefit that is taxable as ordinary Board remuneration at the time when the vested Rights are exercised and Performance Shares are obtained.

Active Biotech is required to pay social security charges based on an amount corresponding to the taxable benefit, as set forth above.

The market value of the Performance Shares at time of transfer equals the value of the taxable benefit and corresponds to the acquisition cost of the shares. When the shares at a later stage are sold, such transaction will be taxed in the capital income category.

Delivery of shares under Board Plan 2020/2023

In order to ensure the delivery of shares under Board Plan 2020/2023, the Major Shareholder proposes that the Meeting resolves to issue warrants in accordance with item 18(b) below.

Proposal regarding issue of warrants (item 18(b))

In order to ensure the delivery of shares under Board Plan 2020/2023, the Major Shareholder proposes that the Annual General Meeting resolves to issue not more than 851,000 warrants, whereupon the Company's share capital may be increased by not more than approximately SEK 4,394.

The right to subscribe for the warrants shall, with deviation from the shareholders' pre-emptive rights, only vest with Active Security Trading AB, a wholly-owned subsidiary of Active Biotech, for the purpose of subscription and subsequent transfer of the subscribed for shares to the participants in accordance with the terms of Board Plan 2020/2023. The reason for the deviation from the shareholders' pre-emptive rights is the implementation of Board Plan 2020/2023.

The warrants shall be issued free of charge. The exercise price for subscription for shares based on the warrants shall correspond to the share's quota value.

Proposal regarding transfer of shares (item 18(c))

The Major Shareholder proposes that the Annual General Meeting resolves to approve that Active Security Trading AB may transfer such shares that are subscribed for based on the warrants issued in accordance with item 18(b) above, or other shares as deemed appropriate, to the participants in Board Plan 2020/2023 and pursuant to the terms thereof.

Other information

A resolution in accordance with the proposals under item 18 shall only be valid where supported by not less than nine-tenths of both the votes cast and the shares represented at the Meeting.

Share issue authorization (item 19)

The Board proposes that the Annual General Meeting resolves to grant authorization to the Board, for a period that does not extend past the date of the next Annual General Meeting, on one or several occasions, with or without pre-emptive rights for the shareholders, to resolve on the issue of new shares and/or convertibles entitling to conversion to shares. It shall also be possible to make such an issue resolution stipulating in-kind payment, the right to offset debt or other conditions. The number of shares issued, or which may arise through the conversion of convertibles issued with the support of the authorization, may correspond to not more than 30 percent of the total number of shares in the Company after utilization of the authorization. The purpose of the authorization is to enable the financing, commercialization and development of the Company's projects and to provide flexibility in commercial negotiations relating to partnerships.

DOCUMENTATION, ETC.

The Annual Report and other supporting resolution documentation will be held available at the Company's premises at Scheelevägen 22 in Lund, Sweden, and on the Company's website, www.activebiotech.com, not later than three weeks prior to the Meeting. The documents will be sent to shareholders who request a copy and specify their postal address. Shareholders are reminded of their right to request information under Chapter 7, Section 32 of the Swedish Companies Act.

For information about the processing of your personal data, please refer to <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>. Active Biotech's corporate registration number is 556223-9227 and its registered office is in Lund, Sweden.

Lund, April 2020

The Board of Directors of Active Biotech AB (publ)