

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 2023.¹ 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

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.

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

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 following terms shall apply.

1. 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.
2. The subscription for warrants shall be made on a subscription list no later than 31 May 2020. However, the Major Shareholder shall be entitled to extend the subscription period.
3. The warrants shall be issued free of charge.
4. The terms and conditions for the warrants are set out in Appendix.
5. The CEO is authorized to make such minor adjustments to this resolution that may be necessary in connection with the registration of the new issue.

VILLKOR FÖR TECKNINGSOPTIONER I ACTIVE BIOTECH AB (PUBL)
TERMS AND CONDITIONS OF WARRANTS IN ACTIVE BIOTECH AB (PUBL)

[Full terms and conditions, in Swedish and English, available in Swedish proposal for adoption of Board Plan 2020/2023]

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.
