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Notice to Annual General Meeting in Hansa Biopharma AB (publ)

Hansa Biopharma AB (publ), Reg. No. 556734-5359, with registered office in Lund, summons to Annual General Meeting on Wednesday 22 Maj 2019 at 17.00 CEST at the auditorium next to the company's premises, Scheelevägen 22, Lund, Sweden. Registration will begin at 16.30 CEST and will end when the meeting starts.

Right to attend the Annual General Meeting

To have the right to participate in the Annual General Meeting, the shareholder must be included in the shareholders' register kept by Euroclear Sweden AB as of 16 May 2019 and notify the company of his or her participation at the Annual General Meeting no later than 16 May 2019. Notice to participate shall be given in writing to Hansa Biopharma AB (publ), Box 785, 220 07 Lund or by e-mail to agm@hansabiopharma.com. The notification shall state the shareholder's name, personal identity number or registration number, daytime telephone number and, where applicable, the number of advisors (maximum two).

A shareholder, whose shares have been registered in the name of a bank or other trust department or with a private securities broker, must temporarily re-register his or her shares in his or her own name with Euroclear Sweden AB to be entitled to participate in the Annual General Meeting. Such re-registration must have been completed no later than 16 May 2019 and should be requested with the nominee well in advance.

Proxy

Shareholders who intend to be represented by proxy shall issue dated and signed power of attorney for the proxy. The proxy is valid for one year from the issuance, or the longer period of validity stated in the proxy, however not more than five years from the issuance. If the proxy is issued by a legal entity, attested copies of the certificate of registration or equivalent authorisation documents evidencing the authority to issue the proxy shall be included with the notification. The power of attorney shall confirm the right of the signee to appoint a representative for the legal entity. To facilitate the registration at the Annual General Meeting, the proxy form as well as registration certificate and other authorisation documents shall be available to the company on the address presented above no later than 16 May 2019. If the proxy form and other authorisation documents have not been submitted in advance, the power of attorney in original and other authorisation documents must be able to be presented at the Annual General Meeting. Proxy forms are available at the company, on the company's webpage, www.hansabiopharma.com, and will be sent upon request to any shareholder who states their postal address.

Proposed agenda

1. Opening of the meeting.
2. Election of chairman of the meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to attest the minutes.
6. Determination as to whether the meeting has been duly convened.
7. Statement by the CEO.
8. Presentation of the annual report and the auditors' report and the consolidated financial statements and the auditors' report for the group.
9. Resolution:
 - (a) regarding the adoption of the income statement and the balance sheet, and of the consolidated income statement and the consolidated balance sheet;
 - (b) regarding allocation of the company's result according to the adopted balance sheet;
 - (c) regarding discharge from liability for the members of the Board of Directors and the CEO.
10. Determination of the number of members of the Board of Directors and the number of auditors.
11. Determination of fees for members of the Board of Directors and auditors.
12. Election of the members of the Board of Directors and chairman of the Board of Directors.
13. Election of auditors.

14. Proposal regarding principles for appointing the Nomination Committee.
15. Proposal regarding guidelines for remuneration to the Executive Management.
16. Proposal to adopt a long term incentive programme based on performance based share awards for employees in Hansa Biopharma.
17. Proposal to adopt a long term incentive programme based on warrants and employee stock options for employees in Hansa Biopharma.
18. The board of directors' proposal regarding resolution on authorisation for the board to resolve on new issue of shares.
19. Closing of the meeting.

The Nomination Committee's proposals

The Nomination Committee's proposals for election of chairman to the meeting, members of the Board of Directors, chairman of the Board of Directors, auditor and determination of fees (item 2, 10-13)

The Nomination Committee, composed of Erika Kjellberg Eriksson (Nexttobe AB), chairman, Astrid Samuelsson (Handelsbanken Funds), Sven Sandberg (Tomas Olausson) and Ulf Wiinberg (chairman of the Board of Directors), as convener, has submitted the following proposals for resolution.

- Dain Hård Nevenon, member of the Swedish Bar Association, from Advokatfirman Vinge is proposed to be elected chairman of the Annual General Meeting (item 2).
- The Board of Directors is proposed to consist of six (6) directors and no deputy directors (item 10).
- One registered accounting firm is proposed to be appointed auditor and no deputy auditors (item 10).
- Remuneration to the Board of Directors is proposed to be SEK 900,000 to the chairman of the board and SEK 300,000 each to the other board members. The remuneration to the chairman of the Audit Committee should be SEK 75,000 and SEK 40,000 to each other member in the Audit Committee, SEK 40,000 to the chairman of the Remuneration Committee and SEK 25,000 to each other member in the Remuneration Committee, and SEK 25,000 to each board member in the Scientific Committee (item 11).
- Auditors' fee is proposed to be on approved account (item 11).
- Re-election of the board members Ulf Wiinberg, Birgit Stattin Norinder, Anders Gersel Pedersen and Andreas Eggert and election of Eva Nilsagård and Mats Blom as new members of the board, all for the time until the end of the next Annual General Meeting. Stina Gestrelus and Angelica Loskog have declined re-election. Ulf Wiinberg is proposed to be elected chairman of the Board of Directors for the time until the end of the next Annual General Meeting (item 12).
- Re-election of the auditor KPMG AB. If re-elected, KPMG AB has informed that Dan Kjellqvist will be the principal auditor for the period until the end of the next Annual General Meeting. The proposal is in accordance with the Audit Committee's recommendation (item 13).

Information on the proposed board members

Eva Nilsagård

Eva is currently interim CFO at OptiGroup AB and founder and CEO of Nilsagård Consulting AB with assignment as CEO and CFO. Previously, Eva has, among other things, served as CFO of Plastal Industry and Vitrolife, Senior Vice President Strategy & Business Development at Volvo Group and held senior positions in finance and business development in, for example, Volvo, AstraZeneca and SKF. Eva is a board member and chairman of the audit committee of Addlife, Bufab and Irras and board member of SEK (Swedish Export Credit). Eva has more than 10 years of experience as a mentor for young female managers with high potential.

Mats Blom

Mats is CFO at Modus Therapeutics. Before this, he served as Vice President and CFO at the biotech company Zealand Pharma, which is listed on both the Danish and the US stock market. Mats has also served as CFO at Swedish Orphan International, and Active Biotech as well as Anoto, both of which are listed on the stock exchange. Furthermore, Mats has many years of experience in management consulting at Gemini Consulting and Ernst & Young. Mats Holds a BA in business administration from Lund University and an MBA from IESE University of Navarra, Barcelona. Mats is board member of Auris Medical.

Information regarding the individuals proposed by the nomination committee for re-election is available at the company's webpage, www.hansabiopharma.com.

The Nomination Committee's proposal for resolution regarding the principles for the appointment of the Nomination Committee (item 14)

The Nomination Committee proposes that the Annual General Meeting resolves that the principles for appointing the nomination committee shall be left unchanged from the previous year, which are those described below.

The Nomination Committee shall consist of representatives for the three largest, in terms of votes, registered shareholders per August 31, 2019. Should such shareholder not wish to appoint a member, the largest shareholder, in terms of votes,

thereafter shall be invited to appoint a member in the Nomination Committee until three members have been appointed. The names of the members of the Nomination Committee shall be made public no later than six months prior to the Annual General Meeting of 2020. The Nomination Committee shall appoint the member representing the largest shareholder as chairman, unless the Nomination Committee decides otherwise. Should any of the members of the Nomination Committee, before the assignment of the Nomination Committee has been fulfilled, resign or no longer represent the shareholder who appointed that member, such a member be replaced by a new member appointed by that shareholder. Should any shareholder not represented in the Nomination Committee be larger, in terms of votes, than another shareholder represented in the Nomination Committee, the larger shareholder in terms of votes shall be entitled to appoint a member to the Nomination Committee, whereby the member representing the smallest, in terms of votes, shareholder shall leave the Nomination Committee. The term of office for the Nomination Committee shall be until a new Nomination Committee has taken office. The Nomination Committee shall be entitled to charge the company for costs of e.g. recruitment consultants and other consultants that are necessary for the Nomination Committee to be able to fulfil its assignment. Further, the Nomination Committee is authorised to co-opt additional members, if deemed appropriate, however, any such co-opted member shall not be entitled to vote. The members of the Nomination Committee shall not be entitled to any remuneration from the company for their work. The Nomination Committee shall present proposals for the chairman of the meeting, board members, chairman of the Board of Directors, remuneration to the board, auditors, remuneration to the auditors and the principles for the Nomination Committee before the Annual General Meeting 2020.

The Nomination Committee shall follow the assignments set out in the Swedish Corporate Governance Code.

The Board of Directors' proposals

Resolution regarding allocation of the company's result (item 9b)

The Board of Directors proposes that the distributable assets available at the Annual General Meeting's disposal shall be carried forward and that no dividend shall be made.

Proposal for resolution regarding guidelines for remuneration to the Executive Management (item 15)

The guidelines proposed by the Board of Directors entail that Executive Management will be offered remuneration which is competitive and on market terms. The level of the remuneration for the individual manager shall be based on factors such as position, expertise, experience and performance. The remuneration consists of a fixed salary and pension benefits and, in addition, may consist of variable salary, share based long term incentive programmes, severance remuneration, non-monetary benefits. The variable salary shall be based on the achievement of quantitative and qualitative targets and should not exceed 50 per cent of the annual fixed salary. Salary during the notice of termination period and severance remuneration shall be possible in a total maximum amount of 24 monthly salaries.

Share and share based long term incentive programmes shall, if applicable, be decided by the Annual General Meeting.

It is proposed that the Board of Directors be authorised to deviate from the guidelines where special cause exists in an individual case.

Previously decided remuneration to Executive Management which is not yet due for payment

In addition to two incentive programmes decided in accordance with Chapter 16 of the Companies Act, see page 95 in the annual report 2018, and ongoing commitments to pay remuneration such as salary, pension and other benefits, there are no previously decided remuneration to any Executive Manager which has not accrued for payment. The CEO is entitled to severance pay after termination of employment corresponding to six monthly wages. In addition, three of the Executive Managers are entitled to severance pay after termination of employment corresponding to six monthly wages.

Estimated costs for variable remuneration

According to the Companies Act, the company must report what the variable remuneration to Executive Management may cost at various possible outcomes. The cost of variable remuneration can amount to a maximum of approximately SEK 10 million (equivalent to 50 per cent of the total fixed annual salary for Executive Management). The number is based on the fact that there are eleven Executives in the company.

Deviation from the guidelines decided in 2018

The Company has not made any deviations from the guidelines decided at the Annual General Meeting on 29 May 2018.

The Board of Directors' proposal to adopt a long term incentive programme based on performance based share rights for employees in Hansa Biopharma (item 16)

The Board of Directors proposes that the Annual General Meeting resolves to adopt a long term incentive programme based on performance based share rights for employees in the Hansa Biopharma group ("LTIP 2019") in accordance with item 16(i) below. The decision to adopt LTIP 2019 in accordance with item 16(i) shall further be conditional upon that the general meeting resolves on hedging measures relating to the incentive programme, either in accordance with item 16(ii) below or in accordance with the Board of Directors' proposal in item 16(iii) below.

Proposal to adopt LTIP 2019 (item 16 (i))

The programme in brief

LTIP 2019 is proposed to include the CEO, senior executives and other key employees, meaning that a maximum of 45 individuals within the Hansa Biopharma group will be able to participate. Participants will be given the opportunity to receive ordinary shares free of charge within the framework of LTIP 2019, so-called “**Performance Shares**”, in accordance with the conditions set out below.

Within the framework of LTIP 2019, the company will allot participants rights to Performance Shares which means that, subject to certain conditions being met, the right to receive a Performance Share free of charge (“**Share Rights**”).

Terms and conditions

A Share Right may be exercised provided that the participant, with certain exceptions, from the start date of the LTIP 2019 for each participant, up until and including the date three years thereafter (the “**Vesting Period**”), is still employed by the Hansa Biopharma group. The last date for the start of the LTIP 2019 shall be the day before the Annual General Meeting of Hansa Biopharma in 2020.

In addition to the requirement for the participant’s continued employment according to the above, the final number of Performance Shares that each participant is entitled to receive shall also be conditional upon the following performance conditions:

- (i) 22 per cent of the Performance Shares in the event that market approval is obtained by EMEA within the EU during the Vesting Period (“**Performance Condition 1**”),
- (ii) 22 per cent of the Performance Shares in the event that market approval is obtained by the FDA in the United States during the Vesting Period (“**Performance Condition 2**”), and
- (iii) Up to 56 per cent of the Performance Shares related to the total shareholder return (the return to shareholders through an increased share price and reinvestments of any dividends during the Vesting Period) on the company’s ordinary shares during the Vesting Period (“**Performance Condition 3**”).

The above distribution of the number of Performance Shares is based on a valuation of each instrument and corresponds to a value-based distribution of 25 per cent to Performance Condition 1, 25 per cent to Performance Condition 2 and 50 per cent to Performance Condition 3, respectively. This entails that participants will be entitled to 22 per cent of the Performance Shares if Performance Condition 1 is achieved and 22 per cent of the Performance Shares if Performance Condition 2 is achieved. In addition, participants will be entitled to 56 per cent of the Performance Shares under Performance Condition 3 if the total shareholder return for the company’s ordinary share during the Vesting Period reaches or exceeds 75 per cent. If, during the Vesting Period, the total shareholder return for the company’s ordinary share falls below 25 per cent, no allotment of Performance Shares will be made under Performance Condition 3. In between the percentages, allotment will be made linearly. In the event that Performance Condition 1 and Performance Condition 2, after the initial allotment, are not considered to be relevant incentives for Share Rights allotted in subsequent allocations under the programme, these Performance Conditions may be replaced by other strategic goals for the company.

Share Rights

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

- Share Rights are allotted free of charge no later than the day before the Annual General Meeting 2020.
- Share Rights vest during the Vesting Period.
- Share Rights may not be transferred or pledged.
- Each Share Right entitles the participant to receive one Performance Share free of charge after the end of the Vesting Period (with certain exceptions where the Vesting Period may be accelerated) if the participant, with certain exceptions, is still employed by the Hansa Biopharma group by the end of the Vesting Period.
- In order to align the interests of the participant and the shareholders’, the company will also compensate the participants for dividends paid by increasing the number of Performance Shares that each Share Right entitle to after the Vesting Period.

Preparation of the proposal, design and administration

The Board of Directors, or a special committee set up by the board, shall be responsible for preparing the detailed design and administration of the terms and conditions of LTIP 2019, in accordance with the presented terms and guidelines including provisions on recalculation in the event of an in-between bonus issue, share split, rights issue and/or similar measures. In connection therewith, the Board of Directors shall be entitled to make adjustments to meet specific foreign regulations or market conditions. The Board of Directors shall also be entitled to make other adjustments if significant changes occur in the Hansa Biopharma group or in its environment that would result in that the adopted terms for the LTIP 2019 no longer fulfils their objectives.

Allotment of Share Rights

The participants are divided into different categories and, in accordance with the above, the Share Rights under LTIP 2019 may be allotted to the following participants in the different categories:

Category	Maximum number of persons	Maximum number of Share Rights	Maximum number of Share Rights per person in the category
CEO	1	35,151	35,151
Senior executives and other key employees	44	515,548	11,717

Receiving Performance Shares under LTIP 2019 and hedging arrangements

The Board of Directors has considered different methods for transfer of ordinary shares under LTIP 2019 in order to implement the programme in a cost-effective and flexible manner. The Board of Directors has found the most cost-effective alternative to be, and thus proposes it as a main alternative, in accordance with item 16(ii) below, that the Annual General Meeting resolves (a) to authorise the Board of Directors to resolve on a directed issue of not more than 715,910 class C shares to the participating bank, of which not more than 165,211 class C shares may be issued to secure social contributions arising as a result of LTIP 2019, and (b) to authorise the Board of Directors to resolve on the repurchase of all issued class C shares, in accordance with item 16(ii) below.

Following conversion of the class C shares to ordinary shares, the ordinary shares are intended to be both transferred to LTIP 2019 participants, as well as sold in the market in order to cover the cash flow-related to social contribution costs associated with LTIP 2019. For this purpose, the Board of Directors proposes that the Annual General Meeting resolves (c) to transfer not more than 550,699 ordinary shares free of charge to participants in accordance with LTIP 2019 and that not more than 165,211 ordinary shares may be sold to secure social contribution costs arising as a result of LTIP 2019.

If the majority required for resolution in accordance with item 16(ii) is not met, LTIP 2019 shall instead be hedged through a resolution to conclude an equity swap-agreement, in accordance with the Board of Director's proposal under item 16(iii) below.

Scope and costs for LTIP 2019

LTIP 2019 will be reported in accordance with IFRS 2, which means that the Share Rights will be expensed as personnel costs over the Vesting Period. The costs for LTIP 2019 is estimated to amount to a maximum of SEK 71.0 million, excluding social contributions, accounted in accordance with IFRS 2 based on the following assumptions: (i) that 550,699 Share Rights are allotted, (ii) that the share price, at the beginning of LTIP 2019, is SEK 220 per ordinary share, (iii) that the performance conditions are fully met, and (iv) an estimated annual turnover of personnel of 5 per cent. Based on the same assumption as above, and subject to social contributions of approximately 30 per cent and a share price increase of 75 per cent from the start of LTIP 2019 until the participants are allotted shares, the costs for social contributions are estimated to amount to SEK 54.5 million. The total cost for LTIP 2019, including costs according to IFRS 2, is therefore estimated to a maximum of SEK 41.8 million per year.

Dilution and effects on key ratios

Upon maximum allotment of Share Rights and provided that the hedging arrangements in accordance with item 16(ii) below are adopted by the General Meeting, 550,699 ordinary shares will be allotted to participants under LTIP 2019, and that 165,211 ordinary shares will be used to secure social contributions arising as a result of LTIP 2019, which would entail a dilution effect of approximately 1.71 per cent of the total number of ordinary shares in the company. The dilution of shares is based on full dilution taking into account all outstanding incentive programmes.

Given the above assumptions regarding scope and costs, and that LTIP 2019 was introduced in 2017, it is estimated that the key figure earnings per share for full year 2018 would have decreased from SEK -6.47 to approximately SEK -7.56.

If all outstanding incentive programmes in the company are included in the calculation, including the Board of Director's proposal for the Annual General Meeting 2019 on the adoption of a long term incentive programme (option programme), the corresponding maximum dilution, at the time of the Annual General Meeting, amounts to approximately 4.7 per cent of the share capital.

Hedging arrangements related to the programme

Authorisation for the Board of Directors to issue new class C shares, authorisation to repurchase issued class C shares, transfer own ordinary shares to participants in the programme and the market (item 16(ii)(a)-(c))

The resolutions under items 16(ii)(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.

Authorisation for the Board of Directors to issue class C shares (item 16 (ii)(a))

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors, during the period until the Annual General Meeting 2020, on one or more occasions, to increase the company's share capital by not more than SEK 715,910 by the issue of not more than 715,910 class C shares, each with a quota value of SEK one (1). With deviation from the shareholders' pre-emption rights, the participating bank shall be entitled to subscribe for the new class C shares at a subscription price corresponding to the quota value of the shares. The purpose of the authorisation and the reason for the deviation from the shareholders' pre-emption rights in connection with the issue of shares is to ensure delivery of shares to employees under the long term incentive programme, as well as to secure potential social contributions arising as a result of LTIP 2019.

Authorisation for the Board of Directors to repurchase class C shares (item 16(ii)(b))

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors, during the period until the Annual General Meeting 2020, on one or more occasions, to repurchase class C shares. The repurchase may only be effected through an offer directed to all holders of class C shares and shall comprise all outstanding class C shares. Repurchases shall be effected at a purchase price corresponding to the quota value of the share. Payment for the acquired class C shares shall be made in cash. The purpose of the proposed repurchase authorisation is to ensure delivery of Performance Shares under LTIP 2019 and to secure possible social contributions arising as a result of LTIP 2019.

Decision to transfer own ordinary shares (item 16(ii)(c))

The Board of Directors proposes that the Annual General Meeting resolves that class C shares that the company acquires based on the authorisation to repurchase class C shares in accordance with item 16(ii)(b) above, may, following the reclassification into ordinary shares, be transferred free of charge to participants of LTIP 2019 in accordance with the adopted terms and conditions in order to secure possible social contributions arising as a result of LTIP 2019.

The Board of Directors therefore proposes that the Annual General Meeting resolves that not more than 550,699 ordinary shares may be transferred to participants in accordance with the terms and conditions of LTIP 2019, and that not more than 165,211 ordinary shares shall be transferred on Nasdaq Stockholm, including through a financial intermediary, at a price within the registered price range at the relevant time, to cover any social contributions in accordance with the terms and conditions of LTIP 2019. The number of shares to be transferred is subject to recalculation in the event of a bonus issue, split, rights issue and/or other similar events.

Equity swap arrangements with third parties (item 16(iii))

In the event that the required majority for item 16(ii) above cannot be achieved, the Board of Directors proposes that the Annual General Meeting resolves to hedge LTIP 2019 by allowing Hansa Biopharma to enter into equity swap arrangements with third parties on market terms, where the third party in its own name will be able to acquire and transfer ordinary shares in Hansa Biopharma to the participants.

The background and rationale for the proposal

The purpose of LTIP 2019 is to create the conditions for motivating and retaining competent employees within the Hansa Biopharma group and to increase the coherence between the employees', shareholders' and the company's objectives, as well as to increase the motivation to reach and exceed the company's financial targets. LTIP 2019 has been designed so that the programme includes both current and future senior executives and other key employees.

By offering Share Rights that are based on both share price development and partly on strategic goals, the participants are premised for increased shareholder value/value-creating measures. LTIP 2019 also rewards employees' continued loyalty and thus the long term value growth of the company. After these considerations, the Board of Directors considers that LTIP 2019 will have a positive effect on the future development of the Hansa Biopharma group and will consequently be beneficial for both the company and its shareholders.

The preparation of the proposal

LTIP 2019 has been prepared by the company's Board of Directors and its Remuneration Committee in consultation with external advisors. LTIP 2019 has been discussed by the Board of Directors at a meeting held in April 2019.

Previous incentive programmes in Hansa Biopharma

For a description of the company's other long term incentive programmes, please refer to the company's Annual Report for 2018, pages 94-96, and the company's website, www.hansabiopharma.com. In addition to the described incentive programmes, there are no other long term incentive programmes in Hansa Biopharma.

Terms

The resolution of the General Meeting regarding the implementation of LTIP 2019 according to item 16(i) above is conditional on the meeting either deciding in accordance with the Board of Director's proposal according to item 16(ii) above, or in accordance with the Board of Director's proposal according to item 16(iii) above.

The Board of Directors' proposal to adopt a long term incentive programme based on warrants and employee stock options for employees in Hansa Biopharma (item 17)

The Board of Directors proposes that the Annual General Meeting resolves to adopt a long term incentive programme for employees within the Hansa Biopharma group (“**Option Programme 2019**”) in accordance with items 17(a) – 17(c) below. The resolutions under items 17(a) and (b) and 17(a) and (c) below are proposed to be conditional upon each other, respectively. In the event that the majority requirement for item 17(c) below is not met, the Board of Directors proposes that the company be able to enter into an equity swap arrangement with a third party in accordance with item 17(d) and the subsequent decisions under items 17(a) and (d) shall then be conditional upon each other. The Option Programme 2019 is proposed to include a maximum of 16 employees within the Hansa Biopharma group.

Proposal regarding the adoption of Option Programme 2019 (item 17 (a))

The programme in brief

The Option Programme 2019 comprises two series. Series 1 consists of warrants that can be transferred to senior executives who are taxable in Sweden and the warrants can be exercised after approximately 3 years, after which the holder is entitled to exercise the warrants to subscribe for ordinary shares during a period of one month. Series 2 consist of employee stock options that can be allotted to the CEO and senior executives. The employee stock options have a vesting period of 3 years, after which the holder is entitled to exercise the options for ordinary shares during a period of one month.

The Board of Directors therefore proposes, for delivery of ordinary shares under the Option Programme 2019, that the meeting resolves on the transfer of a maximum of 438,553 warrants, of which a maximum of 169,848 warrants can be issued in Series 1 and a maximum of 268,705 warrants can be issued in Series 2. The right to subscribe for warrants shall vest with the wholly owned subsidiary Cartela R&D AB, which shall transfer the warrants of Series 1 to an entitled participant, or to hold the warrants of Series 2 to ensure delivery of shares upon exercise of employee stock options in Series 2 to participants as well as to dispose of the warrants to secure costs for social contributions, respectively. Each warrant and option entitle the holder to subscribe for one ordinary share. The warrants are issued free of charge to Cartela R&D AB and the last day for allotment under each series according to the Option Programme 2019 shall be the day before the Annual General Meeting for Hansa Biopharma 2020.

Below is a description of the terms and conditions for each of the option series.

Series 1 - Warrants

The company will transfer warrants in Series 1 to participants at a price corresponding to the market value of the warrants (i.e. the warrant premium) at the time of the offer. Warrants of Series 1 can be transferred to senior executives who are taxable in Sweden and who have entered into a repurchase agreement with Hansa Biopharma. The warrants are transferred to participants, current or new senior executives, on one occasion until the day before the Annual General Meeting of Hansa Biopharma 2020.

The warrants can be exercised for subscription of shares during the period from 15 June 2022 up to and including 15 July 2022. Each warrant entitles the holder to subscribe for one new ordinary share in Hansa Biopharma at a subscription price corresponding to 110 per cent of the volume weighted average share price during the 10 trading days immediately prior to the offer to subscribe for the warrants, however, as a minimum, the quota value of the share.

The issued warrants of Series 1 may, with deviation from the shareholders’ pre-emptive rights, be subscribed by Cartela R&D AB – which is a wholly owned subsidiary to Hansa Biopharma – after which the company shall offer the warrants to the participants. The transfer of the warrants in Series 1 shall be made at a price corresponding to the market value of the warrants (the warrant premium) at the time of the transfer, calculated according to the Black & Scholes valuation model. The valuation of the warrants shall be made by an appraiser or audit firm. In connection with the transfer of warrants to the participants, the company shall reserve the right to repurchase the warrants if the participant’s employment or assignment within the group ceases or if the participant in turn wishes to transfer the warrants before the warrants can be exercised according to the terms and conditions that apply to the warrants.

Series 2 – Employee stock options

The company will allot employee stock options to the CEO and senior executives. Each option entitles the employee to acquire one share in Hansa Biopharma in accordance with the following terms and conditions:

- The employee stock options will be allotted free of charge.
- Allotment requires that an acquisition of employee stock options can take place legally and that, according to the Board of Director’s assessment, it can be carried out with reasonable administrative and financial efforts. The last day for allotment of employee stock options shall be the day before the Annual General Meeting 2020.
- Each employee stock option that is transferred entitles the holder to acquire one share in the company, provided that the participant, with certain exceptions, is still employed within the group, at an exercise price corresponding to the volume weighted average share price during the 10 trading days immediately preceding the respective allotment of the employee stock options, however, as a minimum, the quota value of the share.
- The employee stock options are vested over a period of three years from the time when allotment to the participants has taken place. The employee stock options entitle, after they have been vested in accordance with the above, the holder to subscribe for shares during one month.
- The employee stock options shall not constitute securities and may not be transferred or pledged.

Recalculation due to split, consolidation, new share issue, etc.

The exercise price for Series 1 and Series 2, determined as set out above, shall be rounded to the nearest SEK 0.10, whereby SEK 0.05 shall be rounded downwards. The exercise price and the number of shares that each warrant and employee stock option, respectively, entitles to subscription for shall be recalculated in the event of a split, consolidation, new share issue etc. in accordance with market practice. Upon full exercise of the options, the share capital will increase by SEK 438,553.

Preparation of the proposal, design and administration

The Board of Directors, or a special committee set up by the board, shall be responsible for preparing the detailed design and administration of the terms and conditions of the Option Programme 2019, in accordance with the presented terms and guidelines including provisions on recalculation in the event of an in-between bonus issue, share split, rights issue and/or similar measures. In connection therewith, the Board of Directors shall be entitled to make adjustments to meet specific foreign regulations or market conditions. The Board of Directors shall also be entitled to make other adjustments if significant changes occur in the Hansa Biopharma group or in its environment that would result in that the adopted terms for the Option Programme 2019 no longer fulfils their objectives.

Allocation of warrants and employee stock options

The right to receive warrants shall accrue to senior executives who are taxable in Sweden and who have entered into a repurchase agreement with Hansa Biopharma, and the right to receive employee stock options shall accrue to the CEO and senior executives, current and future. The maximum allotment amounts to 66,347 employee stock options to the CEO ("**Category 1**") and 318,465 warrants or employee stock options for senior executives ("**Category 2**"), as applicable.

Category	Maximum number of persons	Maximum number of warrants/employee stock options	Maximum number of warrants/employee stock options per person within the category
Category 1	1	66,347	66,347
Category 2	15	318,465	21,231

Board members shall not be eligible to participate in the Option Programme 2019.

Scope and costs for the Option Programme 2019

The transfer of the warrants in Series 1 shall be made at a price corresponding to the market value of the warrants at the time of the transfer, which entails that no social security contributions shall arise for the group in connection with the transfer of the warrants. The market value of the warrants is, in accordance with a preliminary valuation, made based on a market value on the underlying share corresponding to SEK 220, SEK 56.52 per warrant, assuming an exercise price of SEK 242 per share. The Black & Scholes valuation model has been used for valuation of the warrants, assuming a risk free interest of -0.42 per cent and a volatility of 43 per cent.

To encourage participation in the Option Programme 2019, the company will, pre taxation, subsidise up to 100 per cent of the participant's premium for the acquisition of the warrants through a one time cash bonus. The total cost of the subsidies, based on the assumptions regarding the warrants value above, amounts to SEK 12.6 million including social contributions.

Costs related to the employee stock options in Series 2 are estimated to amount to SEK 12.1 million, excluding social contributions, accounted in accordance with IFRS 2 based on the following assumptions: (i) that 214,964 employee stock options are allotted, (ii) that the share price, at the beginning of the Option Programme 2019, is SEK 220 per ordinary share, and (iii) an estimated annual turnover of personnel of 0 per cent. Based on the same assumptions as above, and subject to social contributions of 25 per cent, and a share price increase of 75 per cent from the start of the Option Programme 2019 until the employee stock options are exercised, the costs for social contributions are estimated to amount to SEK 7.7 million. The total cost, including costs according to IFRS 2, is therefore estimated to a maximum of SEK 6.6 million per year.

Dilution and effects on key ratios

Upon maximum allotment of warrants and employee stock options, 384,812 warrants will be issued for new subscription of ordinary shares pursuant to the Option Programme 2019, together with 53,741 warrants that can be used to cover social contributions as a result of the Option Programme 2019, the dilution effect will amount to approximately 1.04 per cent of the number of ordinary shares in the company. The dilution of shares is based on full dilution taking into account all outstanding incentive programmes.

Given the above assumptions regarding scope and costs, and that LTIP 2019 was introduced in 2017 instead, it is estimated that the key figure earnings per share for full year 2018 would have decreased from SEK -6.47 to approximately SEK -6.75.

If all outstanding incentive programmes in the company are included in the calculation, including the Board of Director's

proposal for the Annual General Meeting 2019 on the adoption of a long term incentive programme (performance based share rights), the corresponding maximum dilution, at the time of the Annual General Meeting, amounts to approximately 4.7 per cent of the share capital

Delivery of shares pursuant to the Option Programme 2019

In order to ensure delivery of shares in accordance with the Option Programme 2019 and to cover costs related to social contributions, attributable to Series 2, the Board of Directors proposes that the Annual General Meeting resolves on the issue and exercise of warrants in accordance with items 17(b) and 17(c) below, or, with regard to the employee stock options, that an equity swap is entered into in accordance with item 17(d).

Proposal regarding issue and transfer of warrants in Series 1 (item 17 (b))

The board of directors proposes that the company shall issue not more than 169,848 warrants for subscription of shares, whereby the company's share capital may be increased by not more than SEK 169,848.

The right to subscribe for warrants shall only vest with the subsidiary Cartela R&D AB, with the right and obligation to dispose of the warrants as described above, primarily with regard to transfer to participants in the Option Programme 2019. Each warrant entitles the holder to subscribe for one ordinary share. The warrants shall be issued free of charge to Cartela R&D AB. There can be no over-allotment.

Proposal regarding issue and transfer of warrants in Series 2 (item 17 (c))

The board of directors proposes that the company shall issue not more than 268,705 warrants to secure the delivery of shares under Series 2 and to secure social contribution costs, of which the company's share capital may be increased by a maximum of SEK 268,705.

The right to subscribe for warrants shall only vest with the subsidiary Cartela R&D AB, with the right and obligation to dispose of the warrants as described above, primarily with regard to transfer to participants in the Option Programme 2019 and transfer to a participating bank for hedging of social contributions due to the Option Programme 2019. Each warrant entitles the holder to subscribe for one ordinary share. The warrants shall be issued free of charge to Cartela R&D AB. There can be no over-allotment.

Equity swap arrangements with third parties (item 17(d))

In the event that the required majority for item 17(c) above cannot be achieved, the Board of Directors proposes that the Annual General Meeting 2019 resolves to hedge the Option Programme 2019 by allowing Hansa Biopharma to enter into equity swap arrangements with third parties on market terms, where the third party in its own name will be able to acquire and transfer ordinary shares in Hansa Biopharma to the participants.

The background and rationale for the proposal

The purpose of the Option Programme 2019 is to create the conditions for motivating and retaining competent employees within the Hansa Biopharma group and to increase the coherence between the employees', shareholders' and the company's objectives, as well as to increase the motivation to reach and exceed the company's financial targets. The Option Programme 2019 has been designed so that the programme includes both current and future senior executives.

By offering options that are based on the share price development, the participants are premised for increased shareholder value. The Option Programme 2019 also rewards employees' continued loyalty and thus the long term value growth of the company. After these considerations, the Board of Directors considers that the Option Programme 2019 will have a positive effect on the future development of the Hansa Biopharma group and will consequently be beneficial for both the company and its shareholders.

The preparation of the proposal

LTIP 2019 has been prepared by the company's Board of Directors and its Remuneration Committee in consultation with external advisors. LTIP 2019 has been discussed by the Board of Directors at a meeting held in April 2019.

Previous incentive programmes in Hansa Biopharma

For a description of the company's other long term incentive programmes, please refer to the company's Annual Report for 2018, pages 94-96, and the company's website, www.hansabiopharma.com. In addition to the described incentive programmes, there are no other long term incentive programmes in Hansa Biopharma.

The board of directors' proposal regarding resolution on authorisation for the board to resolve on issue of shares (item 18)

The board of directors proposes that the Annual General Meeting resolves to authorize the board, for the period up to the next annual general meeting, to adopt decisions, whether on one or several occasions and whether with or without pre-emptive rights for the shareholders, to issue new common shares; provided however that such issues, in aggregate, must not exceed ten percent of the total number of outstanding common shares in the company as of the date of the Annual General Meeting. It should also be possible to make such an issue resolution stipulating in-kind payment, the right to offset debt or other conditions. The purpose of the authorization is to increase the financial flexibility of the company and the acting scope of the board of directors as well as to potentially broaden the shareholder base.

The board of directors, or any person appointed by the board of directors, shall have the right to make any adjustments or amendments of the above resolution which may be required in connection with the registration of such resolution and to take any other measure deemed necessary for the execution of the resolution.

Majority requirements

For a valid decision to introduce a long term incentive programme for employees in the form of performance based share rights (item 16(ii)) and a long term incentive programme for employees in Hansa Biopharma in the form of warrants and employee stock options (item 17(b) and 17(c)) it is required that the proposals be supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the Annual General Meeting. A resolution in accordance with item 18 above requires approval of at least two thirds (2/3) of the shares represented and votes cast at the annual general meeting.

Other information

At the time this notice was issued, the total number of shares in the company amounts to 40,731,654, of which 40,026,107 ordinary shares and 705,554 class C shares. The company has a total number of 705,554 class C shares treasury shares. The total number of votes in the company amounts to 40,096,661.7, of which the company holds 70,554.7 votes.

The shareholders are reminded of their right to require information in accordance with Chapter 7 Section 32 of the Swedish Companies Act. The annual report and the auditor's report for the financial year 2018, and other supporting documents for the general meeting, including complete proposals from the board of directors, the proposal and motivated statement from the nomination committee as well as the statement from the auditor pursuant to Chapter 8 Section 54 of the Swedish Companies Act will be available to the shareholders at the company's office at Scheelevägen 22, SE-220 07 Lund, Sweden, and on the company's webpage www.hansabiopharma.com, no later than 30 April 2019, and will be sent to shareholders who so request and state their postal address.

For information on how your personal data is processed, see the integrity policy that is available at Euroclear's webpage www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf.

This is an in-house translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.

Lund, April 2019
Hansa Biopharma AB (publ)
The Board of Directors