

*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

**Minutes from the annual shareholders' meeting in BONESUPPORT HOLDING AB, Reg. No. 556802-2171, on 22 May 2018 at 10.00 a.m. in Lund.**

**0. Opening of the meeting**

The chairman of the board of directors, Håkan Björklund, opened the meeting and welcomed the shareholders.

**1. Election of chairman of the meeting**

The meeting resolved to elect lawyer Ola Grahn as chairman of the meeting. The chairman of the meeting should keep the minutes.

Furthermore, the meeting resolved that guests, primarily shareholders who have their shares trustee registered, shareholders who did not notify the company of their intention to participate in the meeting on time and certain employees, were allowed to attend the meeting as audience.

**2. Preparation and approval of voting list**

A list of present shareholders, proxies, advisors and other present persons in accordance with **Schedule 1** was prepared.

The above mentioned list in accordance with Schedule 1 of present shareholders, proxies, advisors and other present persons was approved as the voting list at the meeting.

**3. Approval of the agenda**

The meeting resolved to approve the agenda in accordance with the proposal from the board of directors as set out in the notice to attend the annual shareholders' meeting, **Schedule 2**.

**4. Election of one or two persons to approve the minutes**

The meeting resolved that one person should approve the minutes of the meeting. Christian Lindhé, representing HealthCap V LP and OFCO Club V, was elected to approve the minutes of the meeting.

**5. The question as to whether the meeting has been duly convened**

It was noted that the notice to attend the annual shareholders' meeting, in accordance with the articles of association and the provisions of the Swedish Companies Act (*Sw. aktiebolagslagen (2005:551)*), had been inserted in the Swedish Official Gazette (*Sw. Post- och Inrikes Tidningar*) on 24 April 2018, that the notice to attend the annual shareholders' meeting had been available at the company's website since 20 April 2018, and that the advert regarding the notice to attend the annual shareholders' meeting had been inserted in Svenska Dagbladet on 24 April 2018.

The meeting was declared to be duly convened.

**6. Address by the CEO**

The CEO, Emil Billbäck, gave an address on the company's operations during 2017 and the development so far during 2018.

The shareholders were given the opportunity to ask questions to the CEO with regard to his address.

**7. Presentation of the annual report and the auditor's report and the annual report for the group and the auditor's report for the group**

The annual report and the auditor's report and the annual report for the group and the auditor's report for the group for the financial year 2017 as well as the auditor's report in accordance with Chapter 8, Section 54 of the Swedish Companies Act on whether the guidelines adopted by the annual shareholders' meeting regarding remuneration to the senior executives have been complied with, were presented.

In connection with the presentation of the accounting documents, Johan Thuresson from Ernst & Young AB reported on the work of the auditors.

**8. Resolutions in respect of:**

**a. adoption of the profit and loss statement and balance sheet and the group profit and loss statement and the group balance sheet**

The meeting resolved to adopt the profit and loss statement and balance sheet and the group profit and loss statement and the group balance sheet for the financial year 2017 as stated in the presented annual report and the annual report for the group.

**b. allocation of the company's profit in accordance with the adopted balance sheet**

The meeting resolved – in accordance with the proposal from the board of directors as set out in the report from the board of directors – that no dividends are paid and that available total funds of SEK 889,317,383 are carried forward to a new account.

**c. the discharge from liability of the members of the board of directors and the CEO**

The meeting resolved that the members of the board of directors and the CEO should be discharged from liability for the financial year 2017.

It was noted that the members of the board of directors and the CEO did not participate in the resolution regarding discharge from liability.

**9. Determination of the number of members of the board and the number of auditors**

The chairman of the Nomination Committee, Jacob Gunterberg, presented the work of the Nomination Committee and the Nomination Committee's proposals.

The meeting resolved in accordance with the proposal from the Nomination Committee that the board of directors shall be composed of seven ordinary board members.

Furthermore, the meeting resolved in accordance with the proposal from the Nomination Committee that one registered accounting firm shall be appointed as auditor until the end of the next annual shareholders' meeting.

**10. Determination of fees to the board of directors and the auditors**

The meeting resolved in accordance with the proposal from the Nomination Committee that board remuneration shall be paid with a total of SEK 1,565,000, of which SEK 325,000 shall be paid to the chairman of the board and SEK 150,000 shall be paid to each of the other board members who are not employed by the company. Furthermore, it was resolved that remuneration for committee work shall be paid with SEK 125,000 to the chairman of the audit committee, with SEK 70,000 to each of the other members of the audit committee, with SEK 50,000 to the chairman of the remuneration committee and with SEK 25,000 to each of the other members of the remuneration committee.

Finally, the meeting resolved that remuneration for the auditor shall be paid in accordance with invoiced amounts in accordance with customary charging standards.

**11. Election of members of the board, chairman of the board as well as election of auditors and deputy auditors**

The chairman of the meeting noted that information on the proposed members of the board of directors and their other assignments can be found on the company's website and in the annual report and that information on Simon Cartmell can be found in the complete proposal from the Nomination Committee.

The meeting resolved in accordance with the proposal from the Nomination Committee to re-elect Håkan Björklund, Björn Odlander, Nina Rawal, Lars Lidgren, Tone Kvåle and Lennart Johansson as ordinary board members and to elect Simon Cartmell as new ordinary board member.

Furthermore, the meeting resolved in accordance with the proposal from the Nomination Committee to re-elect Håkan Björklund as chairman of the board of directors.

Finally, the meeting resolved in accordance with the proposal from the Nomination Committee to re-elect Ernst & Young AB as auditor. It was noted that Ernst & Young AB had informed that the authorized public accountant Johan Thuresson will continue to be appointed as the responsible auditor.

**12. Resolution on instruction and charter for the Nomination Committee**

The proposal from the Nomination Committee regarding an instruction and charter for the Nomination Committee was presented in accordance with **Schedule 3**.

The meeting resolved to adopt the instruction and charter for the Nomination Committee in accordance with the proposal in Schedule 3.

**13. Determination of Remuneration Policy for senior executives**

The proposal from the board of directors regarding a Remuneration Policy for senior executives was presented in accordance with **Schedule 4**.

The meeting resolved to adopt the Remuneration Policy for senior executives in accordance with the proposal in Schedule 4.

**14. Resolution on implementation of a long-term incentive program for senior executives by way of (A) directed issue of warrants; and (B) approval of transfer of warrants**

The proposal from the board of directors regarding implementation of a long-term incentive program for senior executives by way of (A) directed issue of warrants; and (B) approval of transfer of warrants was presented in accordance with **Schedule 5**.

The meeting thereafter resolved on implementation of the long-term incentive program for senior executives by way of (A) directed issue of warrants; and (B) approval of transfer of warrants in accordance with the proposal in Schedule 5. It was noted that the resolution was unanimous.

**15. Resolution on amendment of the Articles of Association**

The proposal from the board of directors regarding amendment of the Articles of Association was presented in accordance with **Schedule 6**.

The meeting thereafter resolved on amendment of the Articles of Association in accordance with the proposal in Schedule 6. It was noted that the resolution was supported by shareholders representing at least two-thirds of the votes cast as well as of all shares represented at the meeting.

16. **Resolution on implementation of a long-term incentive program for employees by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization for repurchase of series C shares; and (D) resolution on transfer of own ordinary shares**

The proposal from the board of directors regarding implementation of a long-term incentive program for employees by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization for repurchase of series C shares; and (D) resolution on transfer of own ordinary shares was presented in accordance with **Schedule 7** as well as the statement from the board of directors pursuant to Chapter 19, Section 22 of the Swedish Companies Act in accordance with **Schedule 8**.

The meeting thereafter resolved on implementation of the long-term incentive program for employees by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization for repurchase of series C shares; and (D) resolution on transfer of own ordinary shares in accordance with the proposal in Schedule 7. It was noted that the resolution was supported by shareholders representing at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

17. **Resolution on implementation of a long-term incentive program for certain members of the board of directors by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization for repurchase of series C shares; and (D) resolution on transfer of own ordinary shares**

The proposal from the Nomination Committee regarding implementation of a long-term incentive program for certain members of the board of directors by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization for repurchase of series C shares; and (D) resolution on transfer of own ordinary shares was presented in accordance with **Schedule 9** as well as the statement from the board of directors pursuant to Chapter 19, Section 22 of the Swedish Companies Act in accordance with Schedule 8.

The meeting thereafter resolved on implementation of the long-term incentive program for certain members of the board of directors by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization for repurchase of series C shares; and (D) resolution on transfer of own ordinary shares in accordance with the proposal in Schedule 9. It was noted that the resolution was supported by shareholders representing at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

18. **Closing of the meeting**

The chairman of the meeting declared the meeting closed.

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In fidem:

Confirmed by:

Ola Grahn  
(Chairman of the meeting)

Christian Lindhé

**Schedule 2**

# PRESS RELEASE



**Lund, Sweden, 13:00 CET 20 April 2018**

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## **NOTICE OF ANNUAL SHAREHOLDERS' MEETING IN BONESUPPORT HOLDING AB**

The shareholders in BONESUPPORT HOLDING AB, Reg. No. 556802-2171, are hereby invited to attend the annual shareholders' meeting (*Sw. årsstämma*) to be held at Elite Hotel Ideon, Scheelevägen 27 in Lund, Sweden on Tuesday 22 May 2018 at 10.00 a.m.

### **Right to participate and notice of participation**

Shareholders wishing to attend the annual shareholders' meeting must:

- partly be registered in the company's share register kept by Euroclear Sweden AB (the Swedish Securities Register Center) as of Wednesday 16 May 2018; and
- partly notify the company of their intention to participate in the annual shareholders' meeting no later than on Wednesday 16 May 2018, by mail to address BONESUPPORT HOLDING AB, att: Bolagsstämma, Scheelevägen 19, SE-223 70 Lund, by e-mail to [legal@bonesupport.com](mailto:legal@bonesupport.com) or by phone to +46 (0) 286 53 70. The notice shall specify the shareholder's complete name, personal or company registration number, registered shareholding, address, telephone number during work hours and, when applicable, information on the number of advisors (two at the most).

### **Trustee registered shares**

Shareholders who have their holdings trustee-registered must temporarily register the shares in their own name in order to be entitled to participate in the annual shareholders' meeting. Such temporary re-registration of ownership must be implemented no later than as of Wednesday 16 May 2018, meaning that the shareholders must well in advance before this date request their trustees thereof.

### **Proxies etc.**

A proxy representing a shareholder must bring a written, dated and by the shareholder signed power of attorney to the annual shareholders' meeting. The power of attorney must not be older than one year, unless a longer validity term (maximum five years) have been stipulated. Should the power of attorney be issued by a legal entity, a certified copy of a registration certificate (*Sw. registreringsbevis*) or equivalent document shall be presented at the meeting. In order to facilitate the preparations before the annual shareholders' meeting, a copy of the power of attorney and other proof of authority should be attached to the notice of participation. A template power



of attorney can be found at the company website ([www.bonesupport.com](http://www.bonesupport.com)), and will be sent to the shareholders who request it and state their address.

#### **Proposed agenda**

0. Opening of the meeting.
1. Election of chairman of the meeting.
2. Preparation and approval of voting list.
3. Approval of the agenda.
4. Election of one or two persons to approve the minutes.
5. The question as to whether the meeting has been duly convened.
6. Address by the CEO.
7. Presentation of the annual report and the auditor's report and the annual report for the group and the auditor's report for the group.
8. Resolutions in respect of
  - a. adoption of the profit and loss statement and balance sheet and the group profit and loss statement and the group balance sheet;
  - b. allocation of the company's profit in accordance with the adopted balance sheet; and
  - c. the discharge from liability of the members of the board of directors and the CEO.
9. Determination of the number of members of the board and the number of auditors.
10. Determination of fees to the board of directors and the auditors.
11. Election of members of the board, chairman of the board as well as election of auditors and deputy auditors.
12. Resolution on instruction and charter for the Nomination Committee.
13. Determination of Remuneration Policy for senior executives.
14. Resolution on implementation of a long-term incentive program for senior executives by way of (A) directed issue of warrants; and (B) approval of transfer of warrants.
15. Resolution on amendment of the Articles of Association.
16. Resolution on implementation of a long-term incentive program for employees by way of (A) implementation of a performance-based share saving program; (B) authorization on a directed issue of series C shares; (C) authorization for repurchase of series C shares; and (D) resolution on transfer of own ordinary shares.
17. Resolution on implementation of a long-term incentive program for certain members of the board of directors by way of (A) implementation of a performance-based share saving program; (B) authorization on a directed issue of series C shares; (C) authorization for repurchase of series C shares; and (D) resolution on transfer of own ordinary shares.
18. Closing of the meeting.

## Resolution proposals

### ***Item 1: Election of chairman of the meeting***

The Nomination Committee, consisting of Jacob Gunterberg (chairman), representing HealthCap V L.P, Johan Kördel, representing Lundbeckfonden Invest A/S, Jonas Jendi, representing Stiftelsen Industrifonden, and the chairman of the board, Håkan Björklund, proposes that attorney Ola Grahn is elected as chairman of the meeting.

### ***Item 8 b: Resolution in respect of allocation of the company's profit in accordance with the adopted balance sheet***

The board of directors proposes that no dividends are paid and that available total funds of SEK 889,317,383 are carried forward to a new account.

### ***Item 9: Determination of the number of members of the board and the number of auditors***

The Nomination Committee proposes to the annual shareholders' meeting that the number of the members of the board shall be seven. Furthermore, it is proposed that one registered accounting firm is appointed as auditor until the end of the next annual shareholders' meeting.

### ***Item 10: Determination of fees to the board of directors and the auditors***

The Nomination Committee proposes to the annual shareholders' meeting that board remuneration shall be paid with a total of SEK 1,565,000 (SEK 1,415,000 previous year). The proposal means that remuneration shall be paid with SEK 325,000 to the chairman of the board (unchanged since previous year) and with SEK 150,000 to each of the other board members who are not employed by the company (unchanged since previous year). It is further proposed that remuneration for committee work shall be paid with SEK 125,000 to the chairman of the audit committee (unchanged since previous year), with SEK 70,000 to each of the other members of the audit committee (unchanged since previous year), with SEK 50,000 to the chairman of the remuneration committee (unchanged since previous year) and with SEK 25,000 to each of the other members of the remuneration committee (unchanged since previous year).

Remuneration to the auditor is proposed to be paid in accordance with invoiced amounts in accordance with customary charging standards.

### ***Item 11: Election of members of the board, chairman of the board as well as election of auditors and deputy auditors***

The Nomination Committee proposes to the annual shareholders' meeting that Håkan Björklund, Björn Odlander, Nina Rawal, Lars Lidgren, Tone Kvåle and Lennart Johansson are re-elected as ordinary board members and that Simon Cartmell is elected as new ordinary board member. The Nomination Committee further proposes to the annual shareholders' meeting that Håkan Björklund is re-elected as chairman of the board.

Information on the board members proposed for re-election can be found at the company website and in the Annual Report ([www.bonesupport.com](http://www.bonesupport.com)). Information on the candidate proposed for new election can be found in the Nomination Committee's reasoned statement.

Furthermore, the Nomination Committee proposes to the annual shareholders' meeting, in accordance with the recommendation from the audit committee, that Ernst Young AB is re-elected as accounting firm. Ernst & Young AB has announced that Johan Thuresson will continue to be the auditor in charge.

***Item 12: Resolution on instruction and charter for the Nomination Committee***

The Nomination Committee proposes that that an instruction and charter for the Nomination Committee is adopted in accordance with the following main content.

The Nomination Committee shall consist of four members, representing the three largest shareholders as per the end of September, together with the chairman of the board of directors. The "three largest shareholders" refer to the ownership grouped registered or in any other way known shareholders as per the end of September.

The chairman of the board of directors shall as soon as possible when the information regarding the three shareholders as per the end of September is known, contact the three largest shareholders to find out whether they wish to appoint a representative to the Nomination Committee. In case one of the three largest shareholders refrain from appointing a representative, or such representative resign prior to completion of the assignment and without the shareholder who has appointed the representative appointing a new member, the chairman of the board of directors shall encourage the next owner in size (i.e. in the first place the fourth largest shareholder) to appoint a representative. The procedure shall go on until the Nomination Committee is composed of four members including the chairman of the board of directors.

The Nomination Committee shall appoint the chairman of the Nomination Committee among its members. The chairman of the board of directors or another member of the board of directors should not be appointed as chairman of the Nomination Committee.

The members of the Nomination Committee shall be announced no later than six months before the annual shareholders' meeting. When significant changes in the ownership occur after the date the Nomination Committee was appointed, the Nomination Committee may, if it considers it necessary, decide to offer a new owner a position in the Nomination Committee in accordance with the principles above. Changes in the Nomination Committee shall be made public immediately.

The Nomination Committee's term shall run until such time as a new Nomination Committee has been elected.

No fees shall be paid to the members of the Nomination Committee.

The Nomination Committee shall prepare and propose the following to the coming annual shareholders' meeting:

- (a) election of chairman at the shareholders' meeting;
- (b) election of chairman of the board of directors and other members of the board of directors;
- (c) fees to the board of directors, divided between the chairman and other members, and any fees for committee work;

- (d) election of auditor and fees to the auditor; and
- (e) principles for appointment of the Nomination Committee.

***Item 13: Determination of Remuneration Policy for senior executives***

The board of directors proposes to the annual shareholders' meeting that the following guidelines for remuneration to senior executives are adopted.

The company shall offer remuneration levels and employment terms at market terms, aimed at facilitating the recruitment and retention of senior executives with high competence and capacity, in order to achieve established targets. It is noted that the company is highly international with employees in several countries. When determining the remuneration level and other employment terms, the starting point should be that the terms should be competitive considering the situation in the country in which the employee is employed. The guidelines shall apply to employment agreements entered into after the adoption of these guidelines by the shareholders' meeting or amendments to existing agreements made after the adoption of the guidelines.

The remuneration to the CEO and other senior executives can be comprised of fixed salary, variable remuneration, pension benefits, share-based incentive programs resolved by the shareholders' meeting and other benefits. Senior executives refer to the CEO and the other persons forming part of the company's management team.

Remuneration and other employment terms for the CEO and other senior executives are prepared by the Remuneration Committee and resolved by the board of directors.

The fixed salary shall take into consideration the individual's competence, area of responsibility and performance. A review should generally be made annually.

The variable remuneration is to be based on the outcome of predetermined well defined objectives. The variable consideration is to be limited and may not exceed 75 per cent of the fixed annual salary for the CEO and 40 per cent of the fixed annual salary for other senior executives, whereby the individual highest level should be based on factors such as the position held by the specific individual.

The company's commitments in reference to variable remuneration for the CEO and other senior executives who can be entitled to variable remuneration targets are for 2018 calculated to amount to, if all targets are met in full and based on the current exchange rates, at the highest approximately SEK 10 million (excluding social charges). The calculation is based on the persons currently being senior executives and who can be entitled to variable remuneration.

In addition to what follows from law or collective bargain agreements or other agreements, the CEO and other senior executives may be entitled to arrange individual pension schemes. Refrained salaries and variable remuneration can be used for increased pension contributions, provided that the total cost for the company is unchanged over time.

Share-based incentive programs shall, where applicable, be resolved by the shareholders' meeting.

The senior executives may be awarded other customary benefits, such as a company car, occupational health services, etc.

In case of termination of the CEO's employment by the company, the notice period should not exceed 6 months. In case the Company terminates the CEO without cause the CEO shall, in addition to salary during the notice period, be entitled to severance payment corresponding to 12 months' base salary. The notice period for other senior executives shall not exceed 12 months. In case of termination from the company, in addition to salary during the notice period, severance payment corresponding to an amount equal to up to 12 months base salary may be paid.

At the time of the annual shareholders' meeting on 22 May 2018, the company has no outstanding remuneration commitments towards senior executives except for running commitments.

To the extent that a member of the board of directors performs consultancy work on behalf of the company, in addition to the assignment as member of the board of directors, consultancy fees and other remuneration for such consultancy work should be payable. Such remuneration shall be paid on market terms and the remuneration as well as other terms shall be resolved upon by the board of directors.

The board of directors shall be entitled to deviate from the guidelines in individual cases if there are special reasons for doing so.

***Item 14: Resolution on implementation of a long-term incentive program for senior executives by way of (A) directed issue of warrants; and (B) approval of transfer of warrants***

The board of directors proposes that the annual shareholder's meeting resolves to implement a long-term incentive program for senior executives (the "**Warrants Program 2018/2021**").

To implement the Warrants Program 2018/2021, the board of directors proposes that the annual shareholders' meeting resolves on (A) directed issue of warrants; and (B) approval of transfer of warrants, on the following terms and conditions:

**A. Directed issue of warrants**

A maximum of 1,175,000 warrants shall be issued for the Warrants Program 2018/2021.

With deviation from the shareholders' preferential rights, the right to subscribe for the warrants shall only vest in a wholly owned subsidiary within the group (the "**Subsidiary**"). The reason for the deviation from the shareholders' preferential rights is that the warrants shall be used within the Warrants Program 2018/2021.

The Subsidiary's subscription shall be made at the latest on 30 June 2018, with a right for the board of directors to prolong the subscription period.

Over subscription cannot occur.

The warrants shall be issued to the Subsidiary free of charge. The reason for the warrants being issued to the Subsidiary free of charge is that the warrants are issued as part of the implementation of the Warrants Program 2018/2021.

Each warrant shall entitle to subscription of one new ordinary share in the company.

The subscription price per share shall correspond to 125 per cent of the volume weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period as from 14 May 2018 to and including 18 May 2018. The subscription price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards.

Subscription of shares by virtue of the warrants may be effected as from 1 June 2021 up to and including 30 June 2021.

A share that has been issued upon subscription will entitle to dividends for the first time on the first record date for dividend occurring after subscription of shares through exercise of warrants has been executed.

The subscription price and the number of shares that each warrant confers right to subscribe for shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar company actions.

In case all warrants are exercised for subscription of new shares, the share capital will increase with SEK 734,375.

The chairman of the board of directors, or anyone appointed by him, shall be authorized to make minor formal adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (Sw. Bolagsverket) or Euroclear Sweden AB.

#### **B. *Transfer of warrants***

The Warrants Program 2018/2021 shall principally be carried out in accordance with what is stated below.

The Subsidiary shall be entitled to transfer warrants against payment to participants in the Warrants Program 2018/2021 in accordance with the guidelines set out below.

Transfer of warrants to participants in the Warrants Program 2018/2021 shall be made at fair market value at the time of the transfer which shall be established by Öhrlings Pricewaterhouse Coopers AB, as an independent valuation institute, in accordance with the Black Scholes formula.

The board of directors of the company shall resolve upon allotment to participants in the Warrants Program 2018/2021 in accordance with the following guidelines:

<b>Position</b>	<b>Number of warrants</b>
CEO	A maximum of 500,000 warrants
Other senior executives (9 persons)	A maximum of 75,000 warrants per person

Allotment to the participants in the Warrants Program 2018/2021 shall occur no later than on 30 June 2018.

A participant can subscribe for a lower number of warrants compared to what is offered to the participant. Over subscription cannot occur.

Right to allotment in the Warrants Program 2018/2021 requires that the participant at the time of allotment holds a position in the company (or another company in the group) or has signed an agreement regarding it and has not, at such time, informed or been informed that the employment will be terminated.

For participants in other jurisdictions than Sweden, it is implied that transfer of the warrants is legally possible and that transfer, in the board of director's opinion, can be carried out with reasonable administrative and financial efforts at the established market value of the warrants. The board of directors shall have the right to adjust the terms of the Warrants Program 2018/2021 to the extent required in order for allotment of warrants to participants in other jurisdictions, to the extent practically possible, to be carried out under the same conditions imposed by the Warrants Program 2018/2021.

***Reasons for the Warrants Program 2018/2021 and the deviation from the shareholders' preferential rights***

The reasons for the implementation of the Warrants Program 2018/2021 and the deviation from the shareholders' preferential rights for subscription of the new warrants are to be able to create possibilities for the company to retain senior executives by offering a long term ownership engagement. Such ownership engagement is expected to contribute to an increased alignment of interests between the participating senior executives and the shareholders, and also promote a long-term commitment to the company's development.

***Costs, impact on key ratios, existing incentive programs and dilution***

Since the warrants in the Warrants Program 2018/2021 will be transferred to the participants at market value, the company's assessment is that the company will not incur any social costs in relation to the Warrants Program 2018/2021. The company's costs related to the Warrants Program 2018/2021 will hence only be composed of limited costs for implementation and administration of the program.

As per the date of the notice, the number of shares in the company amounts to 50,811,866. In addition thereto, warrants have been issued in connection with a previous financing agreement which could result in a maximum of 599,114 additional shares being issued.

In case all warrants issued in connection with the Warrants Program 2018/2021 are exercised for subscription of new shares, a total of 1,175,000 new shares will be issued, which corresponds to a dilution of approximately 2.26 per cent of the company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all warrants issued under the Warrants Program 2018/2021. The key figure earnings per share for the full year 2017 had then been changed in such way that the result per share had been changed from SEK – 3.24 to SEK –3.14. The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well,



the maximum total dilution from the Warrants Program 2018/2021 amounts to approximately 2.23 per cent.

There are currently incentive programs in the form of three employee option programs and one warrant program outstanding in the company. In case all warrants issued in connection with the outstanding programs, and which still can be exercised, are exercised for subscription of new shares, a total amount of 2,564,710 new shares will be issued. In addition to the Warrants Program 2018/2021, the board of directors has also proposed that the annual shareholders' meeting resolves to implement a long-term incentive program for employees in the form of a performance-based share saving program in connection with which a total of 500,000 new shares may be issued and the Nomination Committee has proposed that the annual shareholders' meeting also resolves to implement a long-term incentive program for certain members of the board of directors in the form of a performance-based share saving program in connection with which a total of 120,000 new shares may be issued. In case all outstanding incentive programs as well as the incentive programs proposed for resolution by the annual shareholders' meeting are exercised in full, a total of 4,359,710 new shares will be issued, which corresponds to a total dilution of approximately 7.90 per cent of the company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all outstanding and proposed incentive programs. The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the maximum total dilution from existing and proposed incentive programs amounts to approximately 7.82 per cent.

The above calculations regarding dilution and impact on key ratios are subject to re-calculation of the warrants in accordance with the customary recalculation terms set out for the programs.

#### ***Preparation of the proposal***

The proposal of the Warrants Program 2018/2021 has been prepared by the Remuneration Committee with advice from external consultants. The final proposal has been resolved by the board of directors.

#### ***Item 15: Resolution on amendment of the Articles of Association***

The board of directors of proposes that the annual shareholders' meeting resolves, in order to enable issuance of series C shares under share saving programs, to incorporate a new § 6 in the company's Articles of Association in accordance with the following wording. Following the incorporation of the new section in the Articles of Association, the already existing shares shall be ordinary shares.

#### ***"6 § Classes of shares***

Shares may be issued in two classes, ordinary shares and series C shares. The ordinary shares shall carry one vote per share and series C shares shall carry one-tenth of a vote per share. Shares of either share class may be issued up to an amount corresponding to the full share capital.



Series C shares do not entitle to dividends. Upon the dissolution of the company, series C shares shall carry equivalent right to the company's assets as other shares, however, not to an amount exceeding the quota value of the share.

If the company resolves to issue new ordinary shares and series C shares, against payment other than contribution in kind, owners of ordinary shares and series C shares shall have pre-emption rights to subscribe for new shares of the same class pro rata to the number of shares previously held by them (primary pre-emption right). Shares which are not subscribed for pursuant to the primary pre-emption rights shall be offered to all shareholders for subscription (secondary pre-emption right). If the shares thus offered are not sufficient for the subscription pursuant to the secondary pre-emption rights, the shares shall be allocated between the subscribers pro rata to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.

If the company resolves to issue new shares of either solely ordinary shares or series C shares, against payment other than contribution in kind, all shareholders shall, irrespective of whether their shares are ordinary shares or series C shares, have pre-emption rights to subscribe for new shares pro rata to the number of shares previously held by them.

What is set out above with regard to pre-emption rights shall apply mutatis mutandis in the event of issues of warrants and convertible bonds, and shall not limit the right to resolve upon an issue with deviation from the shareholders' pre-emption rights.

In the event of a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class previously issued. In connection therewith, the owners of existing shares of a certain class shall entitle the holder to new shares of the same class. This shall not entail any restrictions on the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendments of the Articles of Association.

Reduction of share capital, which in any case shall not fall below the minimum share capital, may, at the request of a holder of a series C share and after resolution by the company's board of directors or a shareholders' meeting, take place through redemption of series C shares. A request from a shareholder must be submitted in writing. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the company's reserve fund, if the required funds are available. The redemption amount per series C share shall be the quota value of such share.

Following receipt of the redemption resolution, holders of shares subject to redemption shall promptly receive payment for the shares, or, if authorization for the redemption from the Swedish Companies Registration Office (Sw. Bolagsverket) or a court is required, following the receipt of notice that the final and effected resolution has been registered.

Series C shares held by the company may, upon resolution of the board of directors be reclassified into ordinary shares. Immediately thereafter, the board of directors shall register the reclassification with the Swedish Companies Registration Office. The reclassification is effected when it has

been registered and the reclassification been reflected in the central securities depository register.”

As a result of the incorporation of the new section, the existing sections 6 – 11 of the Articles of Association will be renumbered.

***Item 16: Resolution on implementation of a long-term incentive program for employees by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization on repurchase of series C shares; and (D) resolution on transfer of own ordinary shares***

The board of directors proposes that the annual shareholder’s meeting resolves to implement a long-term incentive program in the form of a performance-based share saving program (the “LTI 2018”) for employees in accordance with A below. The resolution shall be conditional upon that the annual shareholders’ meeting also resolves to amend the Articles of Association in accordance with a separate proposal whereby the possibility to issue series C shares is introduced and that the annual shareholders’ meeting also resolves on hedging measures in accordance with B – D below.

***A. Implementation of a performance-based share saving program***

***Background***

The overall purpose with LTI 2018 is to align the interests of the employees with those of the shareholders and thus ensure a maximum long-term value adding commitment. LTI 2018 is also considered to create a long-term focus on increase in earnings and growth among the participants. LTI 2018 is further considered to facilitate for the company to recruit and retain employees.

***Terms and conditions for LTI 2018***

As a starting point, LTI 2018 shall comprise employees who do not participate in any outstanding share-related incentive programs in the company prior to the annual shareholders’ meeting on 22 May 2018. However, the company’s CFO shall have the right to participate in LTI 2018 even though he is a participant in a share-related incentive program since previously, and the board of directors may in addition to that, in exceptional cases, also resolve that up to five employees in the category “Other employees” who participate in share-related incentive programs since previously shall be entitled to participate in LTI 2018.

In total, LTI 2018 is considered to comprise up to approximately 25 employees. In order to be entitled to participate in LTI 2018, it is required that the participant has been employed by the company or another company within the Group at the latest on the date of expiration of the Investment Period in accordance with the below.

LTI 2018 means that the participants will invest in ordinary shares in the company (“**Saving Shares**”). In order to be entitled to participate in LTI 2018, each participant must at least acquire the number of Savings Shares which has been specified for each category below (which amount

also corresponds to the maximum number of Saving Shares that each participant in each category may acquire within the framework of LTI 2018). The investment in Saving Shares shall be made through acquisition of ordinary shares on the stock market on 31 December 2018 at the latest (the "**Investment Period**").

If the Saving Shares are retained as from the expiration of the Investment Period to and including 31 December 2021 (the "**Saving Period**") and the participant has continued to be employed by the company throughout the Saving Period, the participant is entitled to allotment of additional ordinary shares in the company free of charge (the "**Performance Shares**"), provided that the performance targets (the "**Performance Targets**") mentioned below are achieved or exceeded.

Participants shall acquire the following number of Saving Shares and shall have the opportunity to be allotted with up to the following number of Performance Shares per Saving Share.

<b>Position</b>	<b>Number of Saving Shares</b>	<b>Maximum number of Performance Shares per Saving Share</b>
CEO	30,000	4
Other senior executives (4 persons)	15,000	3
Other employees (approximately 20 persons)	5,000	2

The total number of Performance Shares shall not exceed 500,000.

The Performance Targets that have to be achieved or exceeded relate to (i) the share price development of the company's shares (the "**Share Price Target**"), (ii) the net sales for each respective financial year of 2018-2021 (the "**Sales Target**"), and (iii) the EBITDA for each respective financial year of 2018-2021 (the "**EBITDA Target**"), whereby each Performance Target is weighted by 1/3 and with regard to the Sales Target and EBITDA Target, each respective financial year is weighted by 1/4.

*The Share Price Target* relates to the development of the company's share price over the period from the date of the annual shareholders' meeting 2018 to and including 31 December 2021. The share price development will be measured based on the volume weighted average share price 30 trading days immediately following the annual general meeting 2018 and 30 trading days immediately preceding 31 December 2021. An increase in the share price with less than 25 per cent does not entitle to any vesting of any of the Performance Shares pertaining to the Share Price Target and an increase in the share price with 100 per cent or more does entitle a vesting of all of the Performance Shares pertaining to the Share Price Target. In the event of an increase in the share price of between 25 and 100 per cent, vesting of the Performance Shares pertaining to the Share Price Target will occur linearly.

*The Sales Target and the EBITDA Target* for each respective financial year shall be determined by the board of directors annually and with regard to the financial year 2018, before LTI 2018 is of-

ferred to the participants. For each respective target, a minimum level and a maximum target level shall be determined for each respective financial year. If the minimum level is not achieved, no Performance Shares are vested in relation to the actual Performance Target for the financial year and if the maximum target level is achieved, full vesting shall take place of the Performance Shares pertaining to the actual Performance Target for the financial year. If the minimum level is exceeded but the maximum target level is not achieved, vesting of the Performance Shares pertaining to the actual Performance Target for the financial year will occur linearly. The board of directors intends to present the determined targets regarding the Sales Target and the EBITDA Target as well as the achievement of these in connection with the expiration of LTI 2018 at the latest.

The final number of Performance Shares vested by each participant shall be rounded downwards to the nearest whole number.

Before the number of Performance Shares to be allocated is finally determined, the board of directors shall evaluate if allocation pursuant to the principles set out above is reasonable, having regard to the company's results and financial standing, to conditions on the stock market and to other circumstances in general. If the board of directors finds that it is not reasonable, then the board of directors may decrease the number of Performance Shares to be allocated to the lower number of shares that the board of directors finds reasonable.

The number of Performance Shares that may be allotted by virtue of Saving Shares shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar company actions.

Allotment of Performance Shares shall take place within 30 days from the publication of the year-end report for the financial year 2021.

Participation in LTI 2018 presupposes that the participation is legally possible and that the participation in the company's sole opinion can be made with reasonable administrative costs for the company.

The board of directors shall be responsible for the details and management of LTI 2018 within the framework of the main conditions as set out above, and the board of directors shall be authorized to make minor adjustments to these conditions as required by law or for administrative reasons. The board of directors shall also be authorized to adjust or deviate from the terms and conditions as required by local laws and regulations as well as existing market practices. Furthermore, in the event of a public take-over offer, a sale of the company's business, liquidation, merger or any other such transaction affecting the company, the board of directors shall, at its sole discretion, be entitled to resolve that the Performance Shares (partially or in full) shall vest and be allotted on completion of such transaction. The board of directors will make this resolution based on the level of achievement of the Performance Targets, the remainder of the Saving Period and any other factors deemed relevant by the board of directors.

**B. Authorization on directed issues of series C shares**

The board of directors proposes that the annual shareholders' meeting resolves to authorize the board of directors, for the period up until the next annual shareholders' meeting, on one or several occasions, to issue a maximum of 500,000 series C shares. The new shares may, with deviation from the shareholders' preferential rights, only be subscribed for by a bank or a securities company at a subscription price which corresponds to the quota value of the shares. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights in connection with an issue of shares is to secure delivery of Performance Shares under LTI 2018, which shall be effected through the company repurchasing the series C shares issued pursuant to the authorization in section C below and thereafter, when the series C shares have been converted to ordinary shares, by transferring ordinary shares to the participants in LTI 2018 in accordance with section D below.

**C. Authorization on repurchase of series C shares**

The board of directors proposes that the annual shareholders' meeting resolves to authorize the board of directors, for the period up until the next annual shareholders' meeting, on one or several occasions, to repurchase its own series C shares. Repurchase may only be effected through a public offer directed to all holders of series C shares and shall comprise all outstanding series C shares. Repurchase may also be made of so-called interim shares, by Euroclear Sweden AB designated as a Paid Subscribed Share (Sw. Betald Tecknad Aktie (BTA)), regarding a series C share. Repurchase shall be made at a purchase price per share which corresponds to the quota value of the share. The purpose of the proposed repurchase authorization is to secure delivery of Performance Shares under LTI 2018.

**D. Resolution on transfer of own ordinary shares**

In order to fulfil the company's obligations towards participants in LTI 2018, the board of directors proposes that the annual shareholders' meeting resolves that the company shall be entitled to transfer the company's own ordinary shares as follows:

The company shall have the right to transfer the number of ordinary shares that the Company has a maximum obligation to allocate as Performance Shares to participants in LTI 2018, at most 500,000 shares.

The number of shares that may be transferred pursuant to LTI 2018 shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar corporate action which affects the number of shares in the company.

The right to acquire ordinary shares shall, with deviation from the shareholders' preferential rights, vest in participants in LTI 2018 who are entitled to be allotted Performance Shares in accordance with the terms and conditions of the program.

Transfer of shares to participants in LTI 2018 shall be made free of charge and be executed at the relevant time specified in the terms and conditions for LTI 2018.

The reason for the deviation from the shareholders' preferential rights in connection with the transfers of own ordinary shares is to enable the company's delivery of Performance Shares to participants in LTI 2018.

***Costs, impact on key ratios, existing incentive programs and dilution***

LTI 2018 will be accounted for in accordance with IFRS 2 which stipulates that the right to receive Performance Shares shall be expensed as a personnel cost over the vesting period.

The board of directors has made a preliminary cost calculation for LTI 2018, which is based on a price per share of SEK 30 at the final allocation, that each participant makes an investment in Saving Shares which qualifies for participation in LTI 2018 and that the maximum number of Performance Shares is allotted. The value of the Performance Shares has been calculated based on a share price of SEK 15 per share in connection with the implementation of LTI 2018. Based on the above assumptions, the value of each Performance Share related to the Sales Target and the EBITDA Target, respectively has been calculated to SEK 15 and the value of each Performance Share related to the Share Price Target has been calculated to SEK 5.67.

Overall, this results in a maximum cost for LTI 2018 of approximately SEK 5.9 million, excluding costs for social security contributions. The total costs for social security contributions, based on the assumption of a 100 per cent share price increase until the time of allocation of Performance Shares, is estimated to amount to a maximum of approximately SEK 4.7 million.

As per the date of the notice, the number of shares in the company amounts to 50,811,866. In addition thereto, warrants have been issued in connection with a previous financing agreement which could result in a maximum of 599,114 additional shares being issued.

The maximum number of Performance Shares amounts to 500,000, which corresponds to a dilution of approximately 0.97 per cent of the company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full issuance of Performance Shares in connection with LTI 2018.

Based on the calculation of cost and the dilution as per the above, the key figure earnings per share for the full year 2017 had been changed from SEK -3.24 to SEK -3.28.

The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the maximum total dilution from LTI 2018 amounts to approximately 0.96 per cent.

Information on existing incentive programs and dilution effects are presented above in the proposal under item 14.

***Preparation of the proposal***

The proposal for LTI 2018 has been prepared by the Remuneration Committee together with external consultants. The final proposal has been resolved upon by the board of directors.



***Item 17: Resolution on implementation of a long-term incentive program for certain members of the board of directors by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization on repurchase of series C shares; and (D) resolution on transfer of own ordinary shares***

The Nomination Committee proposes that the annual shareholder's meeting resolves to implement a long-term incentive program in the form of a performance-based share saving program (the "**Board LTI 2018**") for certain members of the board of directors in accordance with A below. The resolution shall be conditional upon that the annual shareholders' meeting also resolves to amend the Articles of Association in accordance with a separate proposal whereby the possibility to issue series C shares is introduced and that the annual shareholders' meeting also resolves on hedging measures in accordance with B – D below.

**A. *Implementation of a performance-based share saving program***

***Background***

Board LTI 2018 has been initiated and prepared by the Nomination Committee, considering that the company competes for qualified board members in an internationally competitive market. The overall purpose with Board LTI 2018 is to align the interests of the members of the board of directors with those of the shareholders and thus ensure a maximum long-term value adding commitment. Board LTI 2018 is also considered to create a long-term focus on increase in earnings and growth among the participants.

***Terms and conditions for Board LTI 2018***

Board LTI 2018 shall comprise the members of the board of directors, Simon Cartmell, Tone Kvåle and Lennart Johansson. The members of the board of directors, Håkan Björklund, Björn Odlander and Nina Rawal, who are linked to the company's principal shareholders Tellacq AB, HealthCap V L.P. and Stiftelsen Industrifonden, and the member of the board of directors, Lars Lidgren, who is the founder of the company, shall not be comprised of Board LTI 2018.

Board LTI 2018 means that the participants will invest in ordinary shares in the company ("**Saving Shares**"). In order to be entitled to participate in Board LTI 2018, each participant must at least acquire the number of Savings Shares which has been specified for each participant below (which amount also corresponds to the maximum number of Saving Shares that each participant may acquire within the framework of Board LTI 2018). The investment in Saving Shares shall be made through acquisition of ordinary shares on the stock market on 31 December 2018 at the latest (the "**Investment Period**").

If the Saving Shares are retained as from the expiration of the Investment Period to and including 31 December 2021 and the participant has continued to be a member of the board of directors of the company until the date of when the annual shareholders' meeting 2021 is held (i.e. most likely in May 2021), the participant is entitled to allotment of additional ordinary shares in the company free of charge (the "**Performance Shares**"), provided that the performance target (the "**Performance Target**") mentioned below is achieved or exceeded.

Participants shall acquire the following number of Saving Shares and shall have the opportunity to be allotted with up to the following number of Performance Shares per Saving Share.

<b>Participant</b>	<b>Number of Saving Shares</b>	<b>Maximum number of Performance Shares per Saving Share</b>
Simon Cartmell	30,000	2
Tone Kvåle and Lennart Johansson	15,000	2

The total number of Performance Shares shall not exceed 120,000.

The Performance Target that has to be achieved or exceeded relates to the development of the company's share price over the period from the date of the annual shareholders' meeting 2018 to and including 31 December 2021. The share price development will be measured based on the volume weighted average share price 30 trading days immediately following the annual general meeting 2018 and 30 trading days immediately preceding 31 December 2021. An increase in the share price with less than 25 per cent does not entitle to any vesting of Performance Shares and an increase in the share price with 100 per cent or more does entitle a vesting of all Performance Shares. In the event of an increase in the share price of between 25 and 100 per cent, vesting of Performance Shares will occur linearly.

The final number of Performance Shares vested by each participant shall be rounded downwards to the nearest whole number.

The number of Performance Shares that may be allotted by virtue of Saving Shares shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar company actions.

Allotment of Performance Shares shall take place within 30 days from the publication of the year-end report for the financial year 2021.

Participation in Board LTI 2018 presupposes that the participation is legally possible and that the participation in the company's sole opinion can be made with reasonable administrative costs for the company.

The company's Remuneration (excluding the participants, if applicable) shall be responsible for the management of Board LTI 2018 within the framework of the conditions as set out above, and the board of directors shall be authorized to make minor adjustments to these conditions as required by law or for administrative reasons. The Remuneration Committee shall also be responsible for any recalculations in accordance with the above.

In the event of a public take-over offer, a sale of the company's business, liquidation, merger or any other such transaction, all Performance Shares shall be deemed to be immediately vested and shall be allotted on completion of such transaction provided that the participant at the relevant point of time of such transaction (i) still is a member of the board of directors; and (ii) still holds all Saving Shares.



**B. Authorization on directed issues of series C shares**

The Nomination Committee proposes that the annual shareholders' meeting resolves to authorize the board of directors, for the period up until the next annual shareholders' meeting, on one or several occasions, to issue a maximum of 120,000 series C shares, wherein the final number of series C shares that may be issued shall be determined to correspond with the maximum amount of Performance Shares that may need to be issued in relation to Board LTI 2018. The new shares may, with deviation from the shareholders' preferential rights, only be subscribed for by a bank or a securities company at a subscription price which corresponds to the quota value of the shares. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights in connection with an issue of shares is to secure delivery of Performance Shares under Board LTI 2018, which shall be effected through the company repurchasing the series C shares issued pursuant to the authorization in section C below and thereafter, when the series C shares have been converted to ordinary shares, by transferring ordinary shares to the participants in Board LTI 2018 in accordance with section D below.

**C. Authorization on repurchase of series C shares**

The Nomination Committee proposes that the annual shareholders' meeting resolves to authorize the board of directors, for the period up until the next annual shareholders' meeting, on one or several occasions, to repurchase its own series C shares. Repurchase may only be effected through a public offer directed to all holders of series C shares and shall comprise all outstanding series C shares. Repurchase may also be made of so-called interim shares, by Euroclear Sweden AB designated as a Paid Subscribed Share (Sw. Betald Tecknad Aktie (BTA)), regarding a series C share. Repurchase shall be made at a purchase price per share which corresponds to the quota value of the share. The purpose of the proposed repurchase authorization is to secure delivery of Performance Shares under Board LTI 2018.

**D. Resolution on transfer of own ordinary shares**

In order to fulfil the company's obligations towards participants in Board LTI 2018, the Nomination Committee proposes that the annual shareholders' meeting resolves that the company shall be entitled to transfer the company's own ordinary shares as follows:

The company shall have the right to transfer the number of ordinary shares that the company has a maximum obligation to allocate as Performance Shares to participants in Board LTI 2018, at most 120,000 shares.

The number of shares that may be transferred pursuant to Board LTI 2018 shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar corporate action which affects the number of shares in the company.

The right to acquire ordinary shares shall, with deviation from the shareholders' preferential rights, vest in participants in Board LTI 2018 who are entitled to be allotted Performance Shares in accordance with the terms and conditions of the program.

Transfer of shares to participants in Board LTI 2018 shall be made free of charge and be executed at the relevant time specified in the terms and conditions for Board LTI 2018.

The reason for the deviation from the shareholders' preferential rights in connection with the transfers of own ordinary shares is to enable the company's delivery of Performance Shares to participants in Board LTI 2018.

***Costs, impact on key ratios, existing incentive programs and dilution***

Board LTI 2018 will be accounted for in accordance with IFRS 2 which stipulates that the right to receive Performance Shares shall be expensed as a personnel cost over the vesting period.

The Nomination Committee has made a preliminary cost calculation for Board LTI 2018, which is based on a price per share of SEK 30 at the final allocation, that each participant makes an investment in Saving Shares which qualifies for participation in Board LTI 2018 and that the maximum number of Performance Shares is allotted. The value of the Performance Shares has been calculated based on a share price of SEK 15 per share in connection with the implementation of Board LTI 2018. Based on the above assumptions, the value of each Performance Share has been calculated to SEK 5.67.

Overall, this results in a maximum cost for Board LTI 2018 of approximately SEK 0.7 million, excluding costs for social security contributions. The total costs for social security contributions, based on the assumption of a 100 per cent share price increase until the time of allocation of Performance Shares, is estimated to amount to a maximum of approximately SEK 1.1 million.

As per the date of the notice, the number of shares in the company amounts to 50,811,866. In addition thereto, warrants have been issued in connection with a previous financing agreement which could result in a maximum of 599,114 additional shares being issued.

The maximum number of Performance Shares amounts to 120,000, which corresponds to a dilution of approximately 0.24 per cent of the company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full issuance of Performance Shares in connection with Board LTI 2018.

Based on the calculation of cost and the dilution as per the above, the key figure earnings per share for the full year 2017 would have been unchanged.

The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the maximum total dilution from Board LTI 2018 amounts to approximately 0.23 per cent.

Information on existing incentive programs and dilution effects are presented above in the proposal under item 14.

***Preparation of the proposal***

The proposal for Board LTI 2018 has been prepared by the Nomination Committee together with external consultants. However, the chairman of the board of directors, Håkan Björklund, has not participated in the Nomination Committee's preparation of the proposal.

**Particular majority requirements**

For a valid resolution on the proposal pursuant to item 15, the proposal has to be supported by shareholders representing at least two-thirds of the votes cast as well as of all shares represented at the annual shareholders' meeting. For a valid resolution on the proposals pursuant to items 14, 16 and 17, the proposals have to be supported by shareholders representing at least nine-tenths of the votes cast as well as of all shares represented at the annual shareholders' meeting.

**Duty of disclosure at the annual shareholders' meeting**

The board and the CEO shall at the annual shareholders' meeting, if any shareholder so requests and the board believes that it can be done without significant harm to the company, provide information regarding circumstances that may affect the assessment of items on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries financial position and the company's relation to other companies within the group.

**Accounting documents and complete proposals**

Accounting documents, the audit report, the statement by the auditor on the compliance of the applicable guidelines for remuneration to senior executives as well as complete proposals for resolutions and the board of directors' statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act will be made available for the shareholders at the company's office at Scheelevägen 19, SE-223 70 Lund, Sweden and at the company website ([www.bonesupport.com](http://www.bonesupport.com)) as from no later than three weeks prior to the annual shareholders' meeting. Copies of the documents will be sent to the shareholders upon their request to the company, provided that such shareholders state their address, and will also be made available at the annual shareholders' meeting.

**Number of shares and votes in the company**

As per the date of this notice, the total number of shares and votes in the company amounts to 50,811,866. The company does not hold any own shares.

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Lund in April 2018

BONESUPPORT HOLDING AB (publ)

The Board of Directors

## About BONESUPPORT™

BONESUPPORT is an innovative and rapidly growing commercial stage orthobiologics company, based in Lund, Sweden. The Company develops and commercializes innovative injectable bio-ceramic bone graft substitutes that remodel to the patient's own bone and have the capability of eluting drugs directly into the bone void.

BONESUPPORT's marketed bio-ceramic bone graft substitutes CERAMENT® BONE VOID FILLER (BVF), CERAMENT® G\* and CERAMENT® V\* are all based on the Company's novel and proprietary CERAMENT technology platform.

The Company's products are targeting a large addressable market opportunity across trauma, chronic osteomyelitis (bone infection), revision arthroplasty (replacement of a joint prosthesis) and infected diabetic foot. BONESUPPORT's total sales increased from SEK 62 million in 2015 to SEK 129 million in 2017, representing a compound annual growth rate of 45 percent. The Company's financial target is to achieve revenue exceeding SEK 500 million in the financial year 2020, with a gross margin exceeding 85 percent and a positive operating profit.

The Company's research and development is focused on the continuing development and refinement of its CERAMENT technology to extend its use into additional indications by the elution of other drugs and therapeutic agents. The Company currently has a pipeline of pre-clinical product candidates that have been designed to promote bone growth.

BONESUPPORT is listed on Nasdaq Stockholm and trades under the ticker "BONEX" (ISIN code: SE0009858152). Further information is available at [www.bonesupport.com](http://www.bonesupport.com)

\*CERAMENT G: Not available in the United States, for investigational use only. CERAMENT V: Not available in the United States

BONESUPPORT™ and CERAMENT® are registered trademarks.

### For more information contact:

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The information was submitted for publication, through the agency of the contact persons set out above, at 13:00 CET on 20 April 2018.

**Schedule 3**

## Appendix

### Instruction for the Nomination Committee in BONESUPPORT HOLDING AB

The Nomination Committee in BONESUPPORT HOLDING AB, Reg. No. 556802-2171 (the “**Company**”) proposes that the following instruction for the Nomination Committee is adopted.

- 1. Appointment of Nomination Committee**
- 1.1 The Nomination Committee shall consist of four members, representing the three largest shareholders as per the end of September, together with the chairman of the board of directors. The “three largest shareholders” refer to the ownership grouped registered or in any other way known shareholders as per the end of September.
- 1.2 The chairman of the board of directors shall as soon as possible when the information regarding the three shareholders as per the end of September is known, contact the three largest shareholders to find out whether they wish to appoint a representative to the Nomination Committee. In case one of the three largest shareholders refrain from appointing a representative, or such representative resign prior to completion of the assignment and without the shareholder who has appointed the representative appointing a new member, the chairman of the board of directors shall encourage the next owner in size (i.e. in the first place the fourth largest shareholder) to appoint a representative. The procedure shall go on until the Nomination Committee is composed of four members including the chairman of the board of directors.
- 1.3 The Nomination Committee shall appoint the Chairman of the Nomination Committee among its members. The chairman of the board of directors or another member of the board of directors should not be appointed as Chairman of the Nomination Committee.
- 1.4 The members of the Nomination Committee shall be announced no later than six months before the annual shareholders’ meeting. When significant changes in the ownership occur after the date the Nomination Committee was appointed, the Nomination Committee may, if it considers it necessary, decide to offer a new owner a position in the Nomination Committee in accordance with the principles above. Changes in the Nomination Committee shall be made public immediately.
- 1.5 The Nomination Committee’s term shall run until such time as a new Nomination Committee has been elected.

1.6 No fees shall be paid to the members of the Nomination Committee.

**2. Duties of the Nomination Committee**

2.1 The Nomination Committee shall prepare and propose the following to the coming annual shareholders' meeting:

- (a) election of chairman at the shareholders' meeting;
- (b) election of chairman of the board of directors and other members of the board of directors;
- (c) fees to the board of directors, divided between the chairman and other members, and any fees for committee work;
- (d) election of auditor and fees to the auditor; and
- (e) principles for appointment of the Nomination Committee.

2.2 On request by the Nomination Committee, the Company shall provide the Nomination Committee with human resources such as a secretary function in order to facilitate the Nomination Committee's work. The Nomination Committee shall also have the right to, as far as necessary in connection with the future election of a board member, obtain material from external consultants on knowledge, experience and profile in reference to suitable candidates, and with the right for the Nomination Committee to charge the Company with reasonable costs for the production of such material.

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April 2018

The Nomination Committee in BONESUPPORT HOLDING AB

**Schedule 4**



*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **Guidelines for remuneration to senior executives in BONESUPPORT HOLDING AB**

The board of directors of BONESUPPORT HOLDING AB, Reg. No. 556802-2171, proposes that the annual shareholders' meeting resolves to adopt the following guidelines for remuneration to senior executives.

### **1. Introduction**

- 1.1 BONESUPPORT HOLDING AB and its subsidiaries (together the "**Company**") shall offer remuneration levels and employment terms at market terms, aimed at facilitating the recruitment and retention of senior executives with high competence and capacity, in order to achieve established targets. It is noted that the Company is highly international with employees in several countries. When determining the remuneration level and other employment terms, the starting point should be that the terms should be competitive considering the situation in the country in which the employee is employed. The guidelines shall apply to employment agreements entered into after the adoption of these guidelines by the shareholders' meeting or amendments to existing agreements made after the adoption of the guidelines.
- 1.2 The remuneration to the CEO and other senior executives can be comprised of fixed salary, variable remuneration, pension benefits, share-based incentive programs resolved by the shareholders' meeting and other benefits. Senior executives refer to the CEO and the other persons forming part of the Company's management team.
- 1.3 Remuneration and other employment terms for the CEO and other senior executives are prepared by the Remuneration Committee and resolved by the board of directors.

### **2. Fixed salary**

- 2.1 The fixed salary shall take into consideration the individual's competence, area of responsibility and performance. A review should generally be made annually.

### **3. Variable remuneration**

- 3.1 The variable remuneration is to be based on the outcome of predetermined well defined objectives. The variable consideration is to be limited and may not exceed 75 per cent of the fixed annual salary for the CEO and 40 per cent of the fixed annual salary for other senior executives, whereby the individual highest level should be based on factors such as the position held by the specific individual.
- 3.2 The Company's commitments in reference to variable remuneration for the CEO and other senior executives who can be entitled to variable remuneration targets are for 2018 calculated to amount to, if all targets are met in full and based on the current exchange rates, at the highest approximately SEK 10 million (exclud-

ing social charges). The calculation is based on the persons currently being senior executives and who can be entitled to variable remuneration.

**4. Pensions**

4.1 In addition to what follows from law or collective bargain agreements or other agreements, the CEO and other senior executives may be entitled to arrange individual pension schemes. Refrained salaries and variable remuneration can be used for increased pension contributions, provided that the total cost for the Company is unchanged over time.

**5. Share-based incentive programs**

5.1 Share-based incentive programs shall, where applicable, be resolved by the shareholders' meeting.

**6. Other benefits**

6.1 The senior executives may be awarded other customary benefits, such as a company car, occupational health services, etc.

**7. Severance pay**

7.1 In case of termination of the CEO's employment by the Company, the notice period should not exceed 6 months. In case the Company terminates the CEO without cause the CEO shall, in addition to salary during the notice period, be entitled to severance payment corresponding to 12 months' base salary. The notice period for other senior executives shall not exceed 12 months. In case of termination from the Company, in addition to salary during the notice period, severance payment corresponding to an amount equal to up to 12 months base salary may be paid.

**8. Outstanding remuneration commitments**

8.1 At the time of the annual shareholders' meeting on 22 May 2018, the Company has no outstanding remuneration commitments towards senior executives except for running commitments.

**9. Consulting assignments for members of the board of directors**

9.1 To the extent that a member of the board of directors performs consultancy work on behalf of the Company, in addition to the assignment as member of the board of directors, consultancy fees and other remuneration for such consultancy work should be payable. Such remuneration shall be paid on market terms and the remuneration as well as other terms shall be resolved upon by the board of directors.

**10. Deviations from the guidelines**

10.1 The board of directors shall be entitled to deviate from these guidelines in individual cases if there are special reasons for doing so.

Lund in April 2018  
BONESUPPORT HOLDING AB (publ)  
The Board of Directors

**Schedule 5**

*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **The Board of Directors proposal for resolution on implementation of a long-term incentive program for senior executives by way of (A) directed issue of warrants; and (B) approval of transfer of warrants**

The board of directors of BONESUPPORT HOLDING AB (publ), Reg. No. 556802-2171 (the "**Company**"), proposes that the annual shareholder's meeting on 22 May 2018 resolves to implement a long-term incentive program for senior executives (the "**Warrants Program 2018/2021**").

To implement the Warrants Program 2018/2021, the board of directors proposes that the annual shareholders' meeting resolves on (A) directed issue of warrants; and (B) approval of transfer of warrants, on the following terms and conditions:

### **A. Directed issue of warrants**

1. A maximum of 1,175,000 warrants shall be issued for the Warrants Program 2018/2021.
2. With deviation from the shareholders' preferential rights, the right to subscribe for the warrants shall only vest in a wholly owned subsidiary within the group (the "**Subsidiary**"). The reason for the deviation from the shareholders' preferential rights is that the warrants shall be used within the Warrants Program 2018/2021.
3. The Subsidiary's subscription shall be made at the latest on 30 June 2018, with a right for the board of directors to prolong the subscription period.
4. Over subscription cannot occur.
5. The warrants shall be issued to the Subsidiary free of charge. The reason for the warrants being issued to the Subsidiary free of charge is that the warrants are issued as part of the implementation of the Warrants Program 2018/2021.
6. Each warrant shall entitle to subscription of one new ordinary share in the Company.
7. The subscription price per share shall correspond to 125 per cent of the volume weighted average price according to Nasdaq Stockholm's official price list for shares in the Company during the period as from 14 May 2018 to and including 18 May 2018. The subscription price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards.
8. Subscription of shares by virtue of the warrants may be effected as from 1 June 2021 up to and including 30 June 2021.

9. A share that has been issued upon subscription will entitle to dividends for the first time on the first record date for dividend occurring after subscription of shares through exercise of warrants has been executed.
10. Applicable terms for re-calculation and other terms for the warrants are set forth in the enclosed terms and conditions for the warrants 2018/2021; **Appendix A.**
11. In case all warrants are exercised for subscription of new shares, the share capital will increase with SEK 734,375.
12. The chairman of the board of directors, or anyone appointed by him, shall be authorized to make minor formal adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (*Sw. Bolagsverket*) or Euroclear Sweden AB.

**B. Transfer of warrants**

The Warrants Program 2018/2021 shall principally be carried out in accordance with what is stated below.

1. The Subsidiary shall be entitled to transfer warrants against payment to participants in the Warrants Program 2018/2021 in accordance with the guidelines set out below.
2. Transfer of warrants to participants in the Warrants Program 2018/2021 shall be made at fair market value at the time of the transfer which shall be established by Öhrlings Pricewaterhouse Coopers AB, as an independent valuation institute, in accordance with the Black Scholes formula.
3. The board of directors of the Company shall resolve upon allotment to participants in the Warrants Program 2018/2021 in accordance with the following guidelines:

<b>Position</b>	<b>Number of warrants</b>
CEO	A maximum of 500,000 warrants
Other senior executives (9 persons)	A maximum of 75,000 warrants per person

4. Allotment to the participants in the Warrants Program 2018/2021 shall occur no later than on 30 June 2018.
5. A participant can subscribe for a lower number of warrants compared to what is offered to the participant. Over subscription cannot occur.

6. Right to allotment in the Warrants Program 2018/2021 requires that the participant at the time of allotment holds a position in the Company (or another company in the group) or has signed an agreement regarding it and has not, at such time, informed or been informed that the employment will be terminated.
7. For participants in other jurisdictions than Sweden, it is implied that transfer of the warrants is legally possible and that transfer, in the board of director's opinion, can be carried out with reasonable administrative and financial efforts at the established market value of the warrants. The board of directors shall have the right to adjust the terms of the Warrants Program 2018/2021 to the extent required in order for allotment of warrants to participants in other jurisdictions, to the extent practically possible, to be carried out under the same conditions imposed by the Warrants Program 2018/2021.

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### **Reasons for the Warrants Program 2018/2021 and the deviation from the shareholders' preferential rights**

The reasons for the implementation of the Warrants Program 2018/2021 and the deviation from the shareholders' preferential rights for subscription of the new warrants are to be able to create possibilities for the Company to retain senior executives by offering a long term ownership engagement. Such ownership engagement is expected to contribute to an increased alignment of interests between the participating senior executives and the shareholders, and also promote a long-term commitment to the Company's development.

### **Costs, impact on key ratios, existing incentive programs and dilution**

Since the warrants in the Warrants Program 2018/2021 will be transferred to the participants at market value, the Company's assessment is that the Company will not incur any social costs in relation to the Warrants Program 2018/2021. The Company's costs related to the Warrants Program 2018/2021 will hence only be composed of limited costs for implementation and administration of the program.

As per the date of the notice, the number of shares in the Company amounts to 50,811,866. In addition thereto, warrants have been issued in connection with a previous financing agreement which could result in a maximum of 599,114 additional shares being issued.

In case all warrants issued in connection with the Warrants Program 2018/2021 are exercised for subscription of new shares, a total of 1,175,000 new shares will be issued, which corresponds to a dilution of approximately 2.26 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all warrants issued under the Warrants Program 2018/2021. The key figure earnings per share for the full year 2017 had then been changed in such way that the result per share had been changed from SEK -3.24 to SEK -3.14. The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the

maximum total dilution from the Warrants Program 2018/2021 amounts to approximately 2.23 per cent.

There are currently incentive programs in the form of three employee option programs and one warrant program outstanding in the Company. In case all warrants issued in connection with the outstanding programs, and which still can be exercised, are exercised for subscription of new shares, a total amount of 2,564,710 new shares will be issued. In addition to the Warrants Program 2018/2021, the board of directors has also proposed that the annual shareholders' meeting resolves to implement a long-term incentive program for employees in the form of a performance-based share saving program in connection with which a total of 500,000 new shares may be issued and the Nomination Committee has proposed that the annual shareholders' meeting also resolves to implement a long-term incentive program for certain members of the board of directors in the form of a performance-based share saving program in connection with which a total of 120,000 new shares may be issued. In case all outstanding incentive programs as well as the incentive programs proposed for resolution by the annual shareholders' meeting are exercised in full, a total of 4,359,710 new shares will be issued, which corresponds to a total dilution of approximately 7.90 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all outstanding and proposed incentive programs. The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the maximum total dilution from existing and proposed incentive programs amounts to approximately 7.82 per cent.

The above calculations regarding dilution and impact on key ratios are subject to recalculation of the warrants in accordance with the customary recalculation terms set out for the programs.

### **Preparation of the proposal**

The proposal of the Warrants Program 2018/2021 has been prepared by the Remuneration Committee with advice from external consultants. The final proposal has been resolved by the board of directors.

### **Majority requirements**

The board of directors' proposal to implement the Warrants Program 2018/2021 in accordance with Section A and B above constitutes an overall proposal which shall be resolved upon as one resolution. The resolution is subject to the provisions in Chapter 16 of the Swedish Companies Act (*Sw. aktiebolagslag (2005:551)*), and a valid resolution hence requires that the proposal is supported by shareholders with at least nine-tenths of the votes cast as well as of all shares represented at the meeting.



Lund in April 2018  
BONESUPPORT HOLDING AB (publ)  
The Board of Directors

## Appendix A

### TERMS AND CONDITIONS FOR WARRANTS 2018/2021 IN BONESUPPORT HOLDING AB (PUBL)

#### 1. Definitions

In these terms and conditions:

“the bank”	means the bank or account keeping institute retained by the company from time to time to manage certain tasks pursuant to, or provided for by, these terms and conditions.
“banking day”	means a day that is not a Saturday, Sunday or another public holiday in Sweden, or which as regards the payment of promissory notes is not equated with a public holiday in Sweden.
“the company”	means BONESUPPORT HOLDING AB (publ), Reg. No. 556802-2171.
“the Companies Act”	means the Swedish Companies Act ( <i>Sw. aktiebolagslagen</i> (2005:551)).
“Euroclear”	means the Swedish central securities depository Euroclear Sweden AB or any other central securities depository according to Act on Account Keeping of Financial Instruments ( <i>Sw. lagen</i> (1998:1479) om värdepapperscentraler och kon- toföring av finansiella instrument).
“market quotation”	means, in relation to any shares, securities or other rights, that the relevant shares, securities or rights are listed on a stock exchange, authorised market place, regulated market or a similar market place.
“securities account”	means a securities account ( <i>Sw. värdepapperskonto</i> (‘avstämningskonto’)) with Euroclear on which the respective warrant holder’s holdings of warrants are registered or, as the case may be, shares in the company issued pursuant to subscription are to be registered.
“subscription”	means subscription, upon exercise of warrants,

	for new shares in the company in exchange for cash payment in accordance with these terms and conditions.
“subscription period”	means the period during which subscription can be made according to these terms and conditions.
“subscription price”	means the price at which subscription can be effected according to these terms and conditions.
“warrant”	means a right to subscribe for new shares in the company in exchange for cash payment in accordance with these terms and conditions.
“warrant holder”	means the holder of a warrant.

## 2. **Number of warrants, registration etc.**

The number of warrants shall not exceed 1,175,000.

The warrants shall be registered by Euroclear in a securities register pursuant to the Swedish Act on Account Keeping of Financial Instruments (*Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*), thus, no physical warrant certificates will be issued, or, if the board of directors so resolves, be represented by warrant certificates issued to a certain person.

If the warrants are registered in a securities register, the warrants will be registered on behalf of the warrant holders on their respective securities accounts. Registrations relating to the warrants in connection with measures pursuant to Clauses 6, 8 or 11 below will be effected by the bank. A warrant holder’s request for other registration shall be made to the account keeping institute with which the warrant holder has opened its securities account.

The company undertakes to effectuate subscription in accordance with these terms and conditions.

## 3. **Right to subscribe for new shares**

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the company at a subscription price per share which corresponds to 125 per cent of the volume weighted average price according to Nasdaq Stockholms’s official price list for shares in the Company during the period as from 14 May 2018 to and including 18 May 2018. The subscription price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards.

The subscription price as well as the number of shares that each warrant confers right to subscribe for can be subject to adjustment in accordance with the provisions of Clause 8 below. If the application of these provisions should result in a subscription price lower than the quotient value at that time of the then outstanding shares, the subscription price shall instead equal the quotient value at that time of the then outstanding shares.

**4. Subscription**

Subscription can only be made during the time period as from 1 June 2021 up to and including 30 June 2021.

The subscription period can be brought forward or postponed in accordance with the provisions of Clause 8 below.

Subscription may only be made for the whole number of shares that the total number of warrants, which are exercised by the same warrant holder at one and the same time, confer the right to subscribe for.

Subscription is made by submitting an application form (subscription list) in the form stipulated and provided by the company and the bank, duly completed and signed, to the bank at the address specified in the application form.

Should such application form (subscription list) not have been received by the bank within the subscription period, the warrants shall lapse.

Subscription is binding and may not be revoked.

**5. Payment**

Payment for the number of shares for which the subscription relates shall be made simultaneously with the subscription. The payment shall be made in cash to the bank account specified in the application form (subscription list).

**6. Effectuation of subscription**

Subscription is effected once subscription and payment has been made in accordance with Clauses 4 and 5 above. Any fractions of warrants that may not be exercised for subscription pursuant to the third paragraph of Clause 4 above will then be disregarded. Such fractions shall lapse upon subscription.

Subscription is effected through a resolution of the board of directors of the company to allot the new shares to the warrant holder, where after the new shares are recorded in the company's share ledger (which is kept by Euroclear) and on the warrant holder's securities account as interim shares. Following completion of registration with the Swedish Companies Registration Office (Sw. Bolagsverket), the recordings of the new shares in the share ledger and on the securities account become final.

As stated in Clause 8 below, subscription may in certain cases be effected only after a certain date, and with the application of a recalculated subscription price

and a recalculated number of shares that each warrant confers the right to subscribe for.

**7. Dividends on new shares**

A share issued after subscription confers the right to dividend the first time on the record date for dividends that occurs immediately following effectuation of subscription to such extent that the share has been recorded in the company's share ledger as interim share.

**8. Recalculation of subscription price and number of shares, etc.**

**8.1 Bonus issue**

If the company effects a bonus issue, subscription made at such date that it can not be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the bonus issue at the latest shall be effected after the resolution on the issue of the shareholders' meeting.

Shares issued pursuant to subscription effected after the issue resolution do not confer the right to participate in the bonus issue.

If the bonus issue is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers the right to subscribe for shall apply to subscription effected after the issue resolution. The recalculations shall be made by the company in accordance with the following formulas:

*(recalculated subscription price) = (previous subscription price) x (the number of shares in the company prior to the bonus issue) / (the number of shares in the company after the bonus issue)*

*(recalculated number of shares that each warrant confers right to subscribe for) = (the previous number of shares that each warrant confers right to subscribe for) x (the number of shares in the company after the bonus issue) / (the number of shares in the company prior to the bonus issue)*

When recalculation shall be made as mentioned above, the recalculated subscription price and the recalculated number of shares that each warrant confers the right to subscribe for shall be fixed by the company two banking days after the issue resolution at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the record date of the bonus issue. Prior thereto, such shares are recorded only provisionally in the share ledger and on securities accounts and do not confer the right to participate in the bonus issue.

## 8.2 Consolidation or split-up

If the company effects a consolidation or split-up of its shares, subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the consolidation or split-up at the latest shall be effected after the resolution on the consolidation or split-up of the shareholders' meeting.

Shares issued pursuant to subscription effected after the consolidation or split-up resolution are not affected by the consolidation or split-up.

If the consolidation or split-up is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers the right to subscribe for shall apply to subscription effected after the consolidation or split-up resolution. The recalculations shall be made by the company in accordance with the following formulas:

$$\text{(recalculated subscription price)} = \text{(previous subscription price)} \times \text{(the number of shares in the company prior to the consolidation or split-up)} / \text{(the number of shares in the company after the consolidation or split-up)}$$
$$\text{(recalculated number of shares that each warrant confers right to subscribe for)} = \text{(the previous number of shares that each warrant confers right to subscribe for)} \times \text{(the number of shares in the company after the consolidation or split-up)} / \text{(the number of shares in the company prior to the consolidation or split-up)}$$

When recalculation shall be made as mentioned above, the recalculated subscription price and the recalculated number of shares that each warrant the confers right to subscribe for shall be fixed by the company at the latest two banking days after the consolidation or split-up resolution, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the consolidation or split-up having been registered with Euroclear. Prior thereto, such shares are recorded only provisionally in the share ledger and on securities accounts and are not affected by the consolidation or split-up.

## 8.3 New issue of shares

If the company effects a new issue of shares with preferential rights for the shareholders to subscribe for the new shares against cash payment or payment by way of set-off, the following shall apply as regards effectuation of subscription and the right to participate in the issue conferred by shares issued pursuant to subscription:

- (a) If the issue is resolved by the board of directors subject to the approval of the shareholders' meeting or pursuant to prior authorisation by the shareholders' meeting, then the latest date on which subscription shall have

been effected in order for a share issued pursuant to subscription to confer the right to participate in the issue shall be stated in the issue resolution. Subscription made at such date that it can not be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger at the latest on the said date shall be effected after that date.

Shares issued pursuant to subscription effected after the above-mentioned date do not confer the right to participate in the new issue.

- (b) If the issue is resolved by the shareholders' meeting, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger at the latest on the tenth calendar day prior to the shareholders' meeting to consider the issue shall be effected after the resolution on the issue of the shareholders' meeting.

Shares issued pursuant to subscription effected after the issue resolution do not confer the right to participate in the new issue.

If the new issue is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to participate in the new issue. The recalculations shall be made by the company in accordance with the following formulas:

$$\begin{aligned} \text{(recalculated subscription price)} &= \text{(previous subscription price)} \times \text{(the average market price of the share during the subscription period fixed pursuant to the issue resolution ("the average share price"))} / \text{((the average share price) + (the theoretical value of the subscription right ("the value of the subscription right")))} \\ \text{(recalculated number of shares that each warrant confers right to subscribe for)} &= \text{(the previous number of shares that each warrant confers right to subscribe for)} \times \text{((the average price of the share) + (the value of the subscription right))} / \text{(the average share price)} \end{aligned}$$

The average share price shall be deemed to equal the average of the mean of the highest and lowest prices paid for the share each trading day during the subscription period fixed pursuant to the issue resolution according to the exchange list on which the share is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

The value of the subscription right shall be calculated in accordance with the following formula, provided that the value of the subscription right shall be deemed to be zero if the resulting value is negative:

$$\text{(the value of the subscription right)} = \text{(the maximum number of new shares that can be issued according to the issue resolution)} \times \text{(the average share price)} - \text{(the subscription price for each new share)} / \text{(the number of shares in the company prior to the new issue)}$$

When recalculation shall be made as mentioned above, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the subscription period fixed pursuant to the issue resolution at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to participate in the issue.

#### 8.4 Issue of warrants or convertibles

If the company effects an issue of warrants (share options) or convertibles with preferential rights for the shareholders to subscribe for such warrants or convertibles against cash payment or payment by way of set-off or, as regards warrants, without payment, the provisions of (a) and (b) of the first paragraph of Clause 8.3 above shall apply analogously as regards effectuation of subscription and the right to participate in the issue conferred by shares issued pursuant to subscription.

If the issue is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to participate in the issue. The recalculations shall be made by the company in accordance with the following formulas:

$$\text{(recalculated subscription price)} = \text{(previous subscription price)} \times \text{(the average market price of the share during the subscription period fixed pursuant to the issue resolution ("the average share price"))} / \text{((the average share price) + (the theoretical value of the subscription right ("the value of the subscription right")))}$$

$$\text{(recalculated number of shares that each warrant confers right to subscribe for)} = \text{(the previous number of shares that each warrant confers right to subscribe for)} \times \text{((the average share price) + (the value of the subscription right))} / \text{(the average share price)}$$

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.



If the subscription right is subject to market quotation, the value of the subscription right shall be deemed to equal the average of the mean of the highest and lowest prices paid for the subscription right each trading day during the subscription period fixed pursuant to the issue resolution according to the exchange list on which the subscription right is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the subscription right is not subject to market quotation, the value of the subscription right shall be determined based upon the change in the market value of the company's shares which may be deemed to have occurred as a consequence of the issue.

When recalculation shall be made as above-mentioned, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the subscription period fixed pursuant to the issue resolution at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to participate in the issue.

#### **8.5 Certain other offers to the shareholders**

If the company in other cases than those contemplated by Clauses 8.1–8.4 above (i) effects an offer to the shareholders, with preferential rights for the shareholders according to the principles of Chap. 13 Sec. 1 paragraph 1 of the Companies Act, to purchase any securities or rights from the company, or (ii) distributes to the shareholders, pursuant to such preferential right, any such securities or rights, (in both cases “the offer”), the provisions of (a) and (b) of the first paragraph of Clause 8.3 shall apply analogously as regards effectuation of subscription and the right to participate in the offer conferred by shares issued pursuant to subscription.

If the offer is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to participate in the offer. The recalculations shall be made by the company in accordance with the following formulas:

*(recalculated subscription price) = (previous subscription price) x (the average market price of the share during the acceptance period of the offer or, in case of distribution, during the period of 25 trading days starting on the day on which the share is quoted without right to any part of the distribution (“the average share price”)) / ((the average share price) + (the theoretical value of the right to participate in the offer (“the value of the purchase right”)))*

*(recalculated number of shares that each warrant confers right to subscribe for) = (the previous number of shares that each warrant confers right to subscribe for) x ((the average share price) + (the value of the purchase right)) / (the average share price)*

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

If the shareholders receive purchase rights and these are subject to market quotation, the value of the purchase right shall be deemed to equal the average of the mean of the highest and lowest prices paid for the purchase right each trading day during the acceptance period of the offer according to the exchange list on which the purchase right is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the shareholders do not receive any purchase rights, or if the purchase rights are not subject to market quotation, but the securities or rights being the subject of the offer either are already subject to market quotation or become subject to market quotation in connection with the offer, the value of the purchase right shall be deemed to equal (i) if the securities or rights are already subject to market quotation, the average of the mean of the highest and lowest prices paid for such security or right each trading day during the acceptance period of the offer or, in case of distribution, during the period of 25 trading days starting on the day on which the share is quoted without right to any part of the distribution according to the exchange list on which the security or right is primarily quoted, less any consideration payable for them in connection with the offer, or (ii) if the securities or rights become subject to market quotation in connection with the offer, the average of the mean of the highest and lowest prices paid for such security or right each trading day during the period of 25 trading days starting on the first day of such market quotation according to the exchange list on which the security or right is primarily quoted, when applicable, reduced with the consideration paid for these in connection with the offer. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. When the value of the purchase right shall be determined pursuant to (ii) of this paragraph, then in the recalculation of the subscription price and the number of shares that each warrant confers right to subscribe for in ac-

cordance with the above formulas the average share price shall relate to the 25-trading day period mentioned in (ii) of this paragraph instead of the period mentioned in the above formulas.

If the shareholders do not receive any purchase rights, or if the purchase rights are not subject to market quotation, and the securities or rights being the subject of the offer neither already are subject to market quotation nor become subject to market quotation in connection with the offer, the value of the purchase right shall to the extent possible be determined based upon the change in the market value of the company's shares which may be deemed to have occurred as a consequence of the offer.

When recalculation shall be made as mentioned above, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the period during which the average share price shall be calculated for the above recalculations at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to participate in the offer.

#### **8.6 Equal treatment of warrant holders and shareholders**

If the company effects a measure contemplated by Clauses 8.3–8.5 above, the company may, in its sole discretion, offer all the warrant holders the same preferential right as the shareholders to participate in the issue or offer. In such a case, notwithstanding that subscription has not been made or effected, each warrant holder shall be deemed to be the owner of such number of shares as the warrant holder would have received if subscription would have been made and effected according to the subscription price and the number of shares that each warrant confers right to subscribe for that would have applied if subscription would have been effected at such date, that shares issued pursuant to such subscription would have conferred right to participate in the relevant issue or offer.

If the company offers the warrant holders preferential right according to the previous paragraph, no recalculation of the subscription price or the number of shares that each warrant confers right to subscribe for shall be made pursuant to Clauses 8.3-8.5 above or Clause 8.9 below in connection with the issue or offer.

#### **8.7 Dividend**

If the company pays cash dividends to the shareholders, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant

to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the dividends at the latest shall be effected after the resolution on the dividends of the shareholders' meeting.

Shares issued pursuant to subscription effected after the dividend resolution do not confer right to receive any part of the dividend.

If the payment of the dividends is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to receive any part of the dividends. The recalculations shall be made by the company in accordance with the following formulas:

$$\begin{aligned} \text{(recalculated subscription price)} &= \text{(previous subscription price)} \times \text{(the average market price of the share during the period of 25 trading days starting on the day on which the share is quoted without right to the dividend ("the average share price"))} / \text{((the average share price) + (the dividend paid per share))} \\ \text{(recalculated number of shares that each warrant confers right to subscribe for)} &= \text{(the previous number of shares that each warrant confers right to subscribe for)} \times \text{((the average share price) + (the dividend paid per share))} / \text{(the average share price)} \end{aligned}$$

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

When recalculation shall be made as above-mentioned, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the above-mentioned 25-trading day period at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to participate in the offer.

#### **8.8 Reduction of the share capital etc.**

If the company effects a reduction of its share capital with repayment to the shareholders (with or without redemption of shares), and such reduction is compulsory, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the

shareholders' meeting to consider the reduction at the latest shall be effected only after the resolution on the reduction of the shareholders' meeting.

Shares issued pursuant to subscription effected after the reduction resolution do not confer right to receive any part of the repayment and are not affected by the redemption (if any).

If the reduction is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected after the reduction resolution. The recalculations shall be made by the company in accordance with the following formulas:

$$\text{(recalculated subscription price)} = \text{(previous subscription price)} \times \text{(the average market price of the share during the period of 25 trading days starting on the day on which the share is quoted without right to repayment ("the average share price"))} / ((\text{the average share price}) + (\text{the actual amount repaid per share}))$$
$$\text{(recalculated number of shares that each warrant confers right to subscribe for)} = \text{(the previous number of shares that each warrant confers right to subscribe for)} \times ((\text{the average share price}) + (\text{the actual amount repaid per share})) / (\text{the average share price})$$

If the reduction is carried out through redemption of shares, then instead of using the actual amount repaid per share in the above-mentioned recalculation of the subscription price and the number of shares each warrant confers right to subscribe for, a calculated amount repaid per share determined as follows shall be applied:

$$\text{(calculated amount repaid per share)} = ((\text{the actual amount repaid per share}) - (\text{the average market price of the share during the period of 25 trading days immediately preceding the day on which the share is quoted without right to participate in the reduction ("the average share price")))) / ((\text{the number of shares in the company which entitle to the reduction of one share}) - 1)$$

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

When recalculation shall be made as above-mentioned, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the latest 25-trading days period applicable for the above recalculations to occur at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities

accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to receive any amount of the repayment nor affected by the redemption (if any).

If the company effects (i) a reduction of its share capital with repayment to the shareholders through redemption of shares, and such reduction is not compulsory, or (ii) a re-purchase of shares in the company (without effecting a reduction of its share capital), and where, in the opinion of the company, such reduction or re-purchase due to its technical structure and financial effects is equivalent to a compulsory reduction, the above provisions in this Clause 8.8 shall apply and a recalculation of the subscription price and the number of shares to which each warrant confers right to subscribe for shall be made, to the extent possible, in accordance with the principles set forth in this Clause 8.8.

## **8.9 Recalculations if the company's shares are not subject to market quotation**

8.9.1 If the company effects a measure contemplated by Clauses 8.3–8.5, 8.7 or 8.8 above or Clause 8.14 below and none of the company's shares are subject to market quotation at the time of such measure, the said provisions shall apply, provided that the recalculation of the subscription price and number of shares that each warrant confers right to subscribe for shall be made at the company's sole discretion by the company, to the extent possible, in accordance with the principles set forth in such Clause 8.3–8.5 or 8.8 above or 8.14 as is applicable and based on the assumption that the value of the warrants shall be left unchanged.

8.9.2 If none of the company's shares are subject to market quotation, the following shall apply instead of the provisions of Clause 8.7 above. If the company pays cash dividends to the shareholders in an amount that, together with other cash dividends paid during the same financial year, exceeds fifty percent of the company's profit after tax according to its adopted income statement or, when applicable, consolidated income statement for the financial year immediately preceding the year in which the resolution to pay the dividend was adopted, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the dividends at the latest shall be effected after the resolution on the dividends of the shareholders' meeting.

Shares issued pursuant to subscription effected after the dividend resolution do not confer right to receive any part of the dividend.

If the payment of the dividends is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to receive any part of the dividends. The



recalculations shall be based on the part of the total cash dividends per share which in aggregate exceeds fifty percent of the company's above-mentioned profits after tax (the "extraordinary dividend") and shall be made at the company's sole discretion by the company, to the extent possible, in accordance with the principles set forth in such Clause 8.7 above and based on the assumption that the value of the warrants shall be left unchanged.

**8.10 Alternative recalculation method**

If the company effects any measure contemplated by Clauses 8.1– 8.5 or 8.7 – 8.8 above or Clause 8.14 below and if, in the company's opinion, application of the recalculation formulas established for such measure, taking into account the technical framework of such measure or other reasons, could not be made or would result in the warrant holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the company shall make the recalculation of the subscription price and the number of shares to which each warrant confers right to subscribe for in such a manner as the company determines is appropriate to ensure that the recalculation gives a reasonable result.

**8.11 Rounding off**

In the recalculation of the subscription price and the number of shares that each warrant confers right to subscribe for in accordance with this Clause 8, the subscription price shall be rounded to the nearest whole one-hundred of a Swedish krona (SEK 0.01) where any SEK 0.005 shall be rounded upwards, and the number of shares shall be rounded to two decimals.

**8.12 Compulsory acquisition**

If shares in the company become subject to compulsory acquisition proceedings, the right to subscribe and to have subscription effected is regulated by the provisions of Chap. 22 of the Companies Act.

**8.13 Merger**

If (i) the shareholders' meeting resolves to approve a merger plan pursuant to which the company shall dissolve into another company or (ii) the board of directors of the company resolves that the company shall dissolve into its parent company, no subscription may thereafter be made or effected. The right to subscribe and the obligation to effect subscriptions ceases with the resolution of the shareholders' meeting or with the resolution of the board of directors, as applicable.

If the merger is not carried through, subscription may again be made and effected in accordance with these terms and conditions.

No later than 60 calendar days prior to the shareholders' meeting to consider the approval of a merger plan or the board meeting to consider the company's dissolution into its parent company, as appropriate, the warrant holders shall be notified of the contemplated merger. The notice shall contain a reminder of that no

subscription may be made or effected after that the shareholders' meeting having resolved to approve the merger plan or the board of directors having resolved that the company shall dissolve into its parent company, as appropriate, and also a reminder of that the subscription period is brought forward in accordance with the first paragraph below.

Notwithstanding the provisions in Clause 4 above concerning subscription period, the warrant holders have the right to subscribe and to have subscriptions effected from the date of the notice referred to in the previous paragraph, provided that such subscription can be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger no later than the day before the shareholders' meeting to consider the approval of the merger plan or the board meeting to consider the company's dissolution into its parent company, as appropriate.

#### **8.14 De-merger**

8.14.1 If the shareholders' meeting resolves to approve a de-merger plan pursuant to which the company shall be divided through transfer of only certain of the company's assets and liabilities to one or several other companies, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the approval of the de-merger plan at the latest shall be effected after the resolution on the approval of the de-merger plan of the shareholders' meeting.

Shares issued pursuant to subscription effected after the resolution on the approval of the de-merger plan do not confer right to receive any part of the de-merger contribution.

If the de-merger plan is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected after the resolution on the approval of the de-merger plan. The recalculations shall be made by the company in accordance with the following formulas:

$$\text{(recalculated subscription price)} = \text{(previous subscription price)} \times \left( \frac{\text{(the average market price of the share during the period of 25 trading days starting on the day on which the share is quoted without right to de-merger consideration ("the average share price"))}}{\text{(the average share price)} + \text{(the value of the de-merger consideration paid per share)}} \right)$$
$$\text{(recalculated number of shares that each warrant confers right to subscribe for)} = \text{(the previous number of shares that each warrant confers right to subscribe for)} \times \left( \frac{\text{(the average share price)} + \text{(the value of the de-merger consideration paid per share)}}{\text{(the average share price)}} \right)$$



The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

To the extent the de-merger consideration consists of shares or other securities that are subject to market quotation in connection with the de-merger, the value of the de-merger consideration shall be deemed to equal the average of the mean of the highest and lowest prices paid for such shares or other securities each trading day during the above-mentioned 25-trading day period according to the exchange list on which such shares or others securities are primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

To the extent the de-merger consideration consists of shares or other securities that are not subject to market quotation, but such shares or other securities become subject to market quotation in connection with the de-merger, the value of the de-merger consideration shall be deemed to equal the average of the mean of the highest and lowest prices paid for such shares or other security each trading day during the 25-trading day period starting on the first day of such market quotation according to the exchange list on which the share or other security is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. When the value of any portion of the de-merger consideration shall be determined pursuant to this paragraph, then in the recalculation of the subscription price and the number of shares that each warrant confers right to subscribe for in accordance with the above formulas the average share price shall relate to the 25-trading day period mentioned in this paragraph instead of the period mentioned in the above formulas.

To the extent the de-merger consideration consists of shares or other securities that are not subject to market quotation, and these shares or other securities do not become subject to market quotation in connection with the de-merger, the value of the de-merger consideration shall to the extent possible be determined based upon the change in the market value of the company's shares which, according to an independent valuer retained by the company, may be deemed to have occurred as a consequence of the de-merger.

When recalculation shall be made as above-mentioned, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the 25-trading day period during which the average market price of the share shall be calculated for the above recalculations at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscrip-

tion price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to receive any part of the de-merger consideration.

- 8.14.2 If the shareholders' meeting resolves to approve a de-merger plan pursuant to which the company shall be divided through transfer of all of the company's assets and liabilities to two or more other companies, no subscription may thereafter be made or effected. The right to subscribe and the obligation to effect subscriptions ceases with the resolution of the shareholders' meeting.

If the de-merger is not carried through, subscription may again be made and effected in accordance with these terms and conditions.

No later than 60 calendar days prior to the shareholders' meeting to consider the approval of a de-merger plan, the warrant holders shall be notified of the contemplated de-merger. The notice shall contain a reminder of that no subscription may be made or effected after that the shareholders' meeting having resolved to approve the de-merger plan and also a reminder of that the subscription period is brought forward in accordance with the first paragraph below.

Notwithstanding the provisions in Clause 4 above concerning subscription period, the warrant holders have the right to subscribe and to have subscription effected from the date of the above-mentioned notice, provided that such subscription can be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger no later than the day before the shareholders' meeting to consider the approval of the de-merger plan.

#### **8.15 Winding-up**

If it is resolved that the company shall be wound-up, no subscription may thereafter be made or effected. The right to subscribe and the obligation to effect subscription ceases with the winding-up resolution, regardless of the grounds for the resolution and whether the same shall have gained legal force.

If the winding-up is not carried through, subscription may again be made and effected in accordance with these terms and conditions.

No later than 30 calendar days prior to the shareholders' meeting to consider a voluntary winding-up pursuant to Chap. 25 Sec. 1 of the Companies Act, the warrant holders shall be notified of the contemplated winding-up. The notice shall contain a reminder of that no subscription may be made or effected after that the shareholders' meeting having resolved that the company shall be wound-up and

also a reminder of that the subscription period is brought forward in accordance with the first paragraph below.

Notwithstanding the provisions in Clause 4 above concerning subscription period, the warrant holders have the right to subscribe and to have subscriptions effected from the date of the above-mentioned notice, provided that such subscription can be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger no later than the day before the shareholders' meeting to consider the winding-up.

**8.16 Bankruptcy**

If a court of law declares the company bankrupt, no subscription may thereafter be made or effected. The right to subscribe and the obligation to effect subscription ceases with the bankruptcy order, regardless of the grounds for the order and whether the same shall have gained legal force.

If the bankruptcy order is revoked, subscription may again be made and effected in accordance with these terms and conditions.

**9. Nominee**

If a warrant is registered with a nominee pursuant to Chap. 5 Sec. 14 of the Companies Act, such nominee shall be regarded as the warrant holder upon application of these terms and conditions.

**10. Notices**

Notices concerning the warrants shall be sent by e-mail or regular mail to each warrant holder under it's for the company's last known e-mail address and mailing address.

Warrant holders are required to register their name and valid e-mail address and mailing address to the company.

**11. Variation**

The company shall be entitled to vary these terms and conditions to the extent required by legislation, decisions of courts of law or authorities, or if it otherwise, in the opinion of the company, is deemed necessary or expedient for practical reasons and provided that the rights of the warrant holders are in no way prejudiced. The warrant holders shall, without undue delay, be notified of the resolved changes.

**12. Confidentiality**

None of the company, the bank and Euroclear may without necessary authorisation disclose information regarding the warrant holders to any third party.

The company is entitled to transparency in securities register at Euroclear regarding the warrants, whereas i.a. it is stated who is registered for warrants, personal or other identification number, postal address and the number of warrants.

**13. Limitation of liability**

With respect to the actions incumbent on the company, the bank or Euroclear, none of the company, the bank and Euroclear – in the case of Euroclear, subject to the provisions of the Swedish Act on Account Keeping of Financial Instruments – shall be held liable for damage arising as a result of Swedish or foreign legislation, any action of a Swedish or foreign authority, acts of war, strikes, blockades, boycotts, lockouts, or similar circumstances. The exemption in respect of strikes, blockades, boycotts and lockouts applies also in cases where the company, the bank or Euroclear itself takes or is the subject of such measure or conflict.

Nor shall the company, the bank or Euroclear be liable for damage arising in other cases if the company, the bank or Euroclear, as appropriate, has exercised normal caution. In addition, under no circumstances shall the company or the bank be held liable for any indirect damage.

If the company, the bank or Euroclear is hindered from taking any measure due to a circumstance referred to in the first paragraph, the taking of such measure may be postponed until such hinder no longer exists.

**14. Language**

In the event of any discrepancy between the English and Swedish language versions of these terms and conditions, the Swedish language version shall prevail.

**15. Dispute resolution and applicable law**

Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or any legal issues relating thereto, shall be settled by the ordinary courts of Sweden with the District Court of Lund (*Sw. Lunds tingsrätt*) as the court of first instance.

These terms and conditions and thereto related legal issues shall be governed by and construed in accordance with Swedish law.

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**Schedule 6**

*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **The Board of Directors proposal for resolution on amendment of the Articles of Association**

The board of directors of BONESUPPORT HOLDING AB, Reg. No. 556802-2171, proposes that the annual shareholders' meeting on 22 May 2018 resolves, in order to enable issuance of series C shares under share saving programs, to incorporate a new § 6 in the company's Articles of Association in accordance with the following wording. Following the incorporation of the new section in the Articles of Association, the already existing shares shall be ordinary shares.

### **6 § Classes of shares**

*Shares may be issued in two classes, ordinary shares and series C shares. The ordinary shares shall carry one vote per share and series C shares shall carry one-tenth of a vote per share. Shares of either share class may be issued up to an amount corresponding to the full share capital.*

*Series C shares do not entitle to dividends. Upon the dissolution of the company, series C shares shall carry equivalent right to the company's assets as other shares, however, not to an amount exceeding the quota value of the share.*

*If the company resolves to issue new ordinary shares and series C shares, against payment other than contribution in kind, owners of ordinary shares and series C shares shall have pre-emption rights to subscribe for new shares of the same class pro rata to the number of shares previously held by them (primary pre-emption right). Shares which are not subscribed for pursuant to the primary pre-emption rights shall be offered to all shareholders for subscription (secondary pre-emption right). If the shares thus offered are not sufficient for the subscription pursuant to the secondary pre-emption rights, the shares shall be allocated between the subscribers pro rata to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.*

*If the company resolves to issue new shares of either solely ordinary shares or series C shares, against payment other than contribution in kind, all shareholders shall, irrespective of whether their shares are ordinary shares or series C shares, have pre-emption rights to subscribe for new shares pro rata to the number of shares previously held by them.*

*What is set out above with regard to pre-emption rights shall apply mutatis mutandis in the event of issues of warrants and convertible bonds, and shall not limit the right to resolve upon an issue with deviation from the shareholders' pre-emption rights.*

*In the event of a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class previously issued. In connection therewith, the owners of existing shares of a certain class shall entitle the holder to new shares of the same class. This shall not entail any restrictions on the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendments of the Articles of Association.*

*Reduction of share capital, which in any case shall not fall below the minimum share capital, may, at the request of a holder of a series C share and after resolution by the company's board of directors or a shareholders' meeting, take place through redemption of series C shares. A request from a shareholder must be submitted in writing. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the company's reserve fund, if the required funds are available. The redemption amount per series C share shall be the quota value of such share.*

*Following receipt of the redemption resolution, holders of shares subject to redemption shall promptly receive payment for the shares, or, if authorization for the redemption from the Swedish Companies Registration Office (Sw. Bolagsverket) or a court is required, following the receipt of notice that the final and effected resolution has been registered.*

*Series C shares held by the company may, upon resolution of the board of directors be reclassified into ordinary shares. Immediately thereafter, the board of directors shall register the reclassification with the Swedish Companies Registration Office. The reclassification is effected when it has been registered and the reclassification been reflected in the central securities depository register.*

As a result of the incorporation of the new section, the existing sections 6 – 11 of the Articles of Association will be renumbered. Following the amendments, the Articles of Association will have the wording set out in **Appendix A**.

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The Company's CEO shall be authorized to make such minor formal adjustments of the resolution as might be necessary in connection with registration with the Swedish Companies Registration Office.

For a valid resolution, the proposal has to be supported by shareholders representing at least two-thirds of the votes cast as well as of all shares represented at the annual shareholders' meeting.

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Lund in April 2018  
BONESUPPORT HOLDING AB (publ)  
The Board of Directors

# ARTICLES OF ASSOCIATION

### **1 § Name**

The company's name shall be BONESUPPORT HOLDING AB. The company is a public company (publ).

### **2 § Registered Office**

The registered office of the company shall be in the municipality of Lund, county of Skåne.

### **3 § Object of business**

The company's field of activity shall be to, directly or indirectly, conduct research and development within the biomedicine field and manufacture of and trading with pharmaceuticals, medicine technical equipment and orthopaedic implants and to conduct other business compatible therewith.

### **4 § Share capital**

The share capital of the company shall be no less than SEK 18,125,000 and no more than SEK 72,500,000.

### **5 § Number of shares**

The number of shares shall not be lower than 29,000,000 and not higher than 116,000,000.

### **6 § Classes of shares**

Shares may be issued in two classes, ordinary shares and series C shares. The ordinary shares shall carry one vote per share and series C shares shall carry one-tenth of a vote per share. Shares of either share class may be issued up to an amount corresponding to the full share capital.

Series C shares do not entitle to dividends. Upon the dissolution of the company, series C shares shall carry equivalent right to the company's assets as other shares, however, not to an amount exceeding the quota value of the share.

If the company resolves to issue new ordinary shares and series C shares, against payment other than contribution in kind, owners of ordinary shares and series C shares shall have pre-emption rights to subscribe for new shares of the same class pro rata to the number of shares previously held by them (primary pre-emption right). Shares which are not subscribed for pursuant to the primary pre-emption rights shall be offered to all shareholders



for subscription (secondary pre-emption right). If the shares thus offered are not sufficient for the subscription pursuant to the secondary pre-emption rights, the shares shall be allocated between the subscribers pro rata to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.

If the company resolves to issue new shares of either solely ordinary shares or series C shares, against payment other than contribution in kind, all shareholders shall, irrespective of whether their shares are ordinary shares or series C shares, have pre-emption rights to subscribe for new shares pro rata to the number of shares previously held by them.

What is set out above with regard to pre-emption rights shall apply mutatis mutandis in the event of issues of warrants and convertible bonds, and shall not limit the right to resolve upon an issue with deviation from the shareholders' pre-emption rights.

In the event of a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class previously issued. In connection therewith, the owners of existing shares of a certain class shall entitle the holder to new shares of the same class. This shall not entail any restrictions on the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendments of the Articles of Association.

Reduction of share capital, which in any case shall not fall below the minimum share capital, may, at the request of a holder of a series C share and after resolution by the company's board of directors or a shareholders' meeting, take place through redemption of series C shares. A request from a shareholder must be submitted in writing. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the company's reserve fund, if the required funds are available. The redemption amount per series C share shall be the quota value of such share.

Following receipt of the redemption resolution, holders of shares subject to redemption shall promptly receive payment for the shares, or, if authorization for the redemption from the Swedish Companies Registration Office (*Sw. Bolagsverket*) or a court is required, following the receipt of notice that the final and effected resolution has been registered.

Series C shares held by the company may, upon resolution of the board of directors be reclassified into ordinary shares. Immediately thereafter, the board of directors shall register the reclassification with the Swedish Companies Registration Office. The reclassification is effected when it has been registered and the reclassification been reflected in the central securities depository register.

## **7 § Board of directors**

The board of directors, to the extent appointed by the shareholders' meeting, shall consist of not less than 3 and not more than 8 members.

## **8 § Auditors**

For the audit of the company's annual report and accounts as well as the management by the board and the managing director, a registered accounting company, or one or two auditors, with or without deputy auditors, shall be elected.

## **9 § Notice**

Notice convening a general meeting shall be made by announcement in the Swedish Official Gazette (*Sw. Post- och Inrikes Tidningar*) and by making the notice available on the company's website. It shall further be announced in *Svenska Dagbladet* that a notice has been made.

Shareholders wishing to participate in the general meetings must be listed as shareholder in a printout or other transcript of the entire share register reflecting the circumstances five weekdays before the general meeting and notify participation to the company no later than on the date specified in the notice. The last mentioned day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday before the general meeting. A shareholder may be accompanied by advisors at a general meeting only if the shareholder notifies the number of advisors to the company in accordance with the procedure prescribed for notification of shareholders' intention to participate in the general meeting.

## **10 § Matters at the annual general meeting**

At the annual general meeting of the shareholders the following matters shall be dealt with:

1. Election of chairman of the meeting
2. Preparation and approval of voting list
3. Approval of the agenda
4. Election of one or two persons to approve the minutes
5. The question as to whether the meeting has been duly convened
6. Presentation of the annual report and auditor's report and, if applicable, the annual report for the group and the auditor's report for the group
7. Resolutions in respect of
  - a) adoption of the profit and loss statement and balance sheet and, if appropriate, the group profit and loss statement and the group balance sheet;
  - b) allocation of the Company's profit or loss in accordance with the adopted balance sheet; and
  - c) the discharge from liability of the members of the board of directors and the managing director

8. Determination of the number of members of the board and the number of auditors
9. Determination of fees to the board of directors and the auditors
10. Election of members of the board as well as election of auditors and deputy auditors
11. Other matters to be dealt with at the meeting pursuant to the Companies Act (2005:551) or the articles of association.

**11 § Financial year**

The financial year of the company shall be 1 January - 31 December.

**12 § Record day provision**

The company's shares shall be registered in a record day register pursuant to the Swedish Central Securities Depositories and Financial Instruments Act (SFS 1998:1479).

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**Schedule 7**

*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **The Board of Directors proposal for resolution on implementation of a long-term incentive program for employees by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization on repurchase of series C shares; and (D) resolution on transfer of own ordinary shares**

The board of directors of BONESUPPORT HOLDING AB (publ), Reg. No. 556802-2171 (the "**Company**"), proposes that the annual shareholder's meeting on 22 May 2018 resolves to implement a long-term incentive program in the form of a performance-based share saving program (the "**LTI 2018**") for employees in accordance with A below. The resolution shall be conditional upon that the annual shareholders' meeting also resolves to amend the Articles of Association in accordance with a separate proposal whereby the possibility to issue series C shares is introduced and that the annual shareholders' meeting also resolves on hedging measures in accordance with B – D below.

### **A. Implementation of a performance-based share saving program**

#### ***Background***

The overall purpose with LTI 2018 is to align the interests of the employees with those of the shareholders and thus ensure a maximum long-term value adding commitment. LTI 2018 is also considered to create a long-term focus on increase in earnings and growth among the participants. LTI 2018 is further considered to facilitate for the Company to recruit and retain employees.

#### ***Terms and conditions for LTI 2018***

1. As a starting point, LTI 2018 shall comprise employees who do not participate in any outstanding share-related incentive programs in the Company prior to the annual shareholders' meeting on 22 May 2018. However, the Company's CFO shall have the right to participate in LTI 2018 even though he is a participant in a share-related incentive program since previously, and the board of directors may in addition to that, in exceptional cases, also resolve that up to five employees in the category "Other employees" who participate in share-related incentive programs since previously shall be entitled to participate in LTI 2018.

In total, LTI 2018 is considered to comprise up to approximately 25 employees. In order to be entitled to participate in LTI 2018, it is required that the participant has been employed by the Company or another company within the Group at the latest on the date of expiration of the Investment Period in accordance with the below.

2. LTI 2018 means that the participants will invest in ordinary shares in the Company ("**Saving Shares**"). In order to be entitled to participate in LTI 2018, each participant must at least acquire the number of Savings Shares which has been specified for each category below (which amount also corresponds to the maximum number of Saving Shares that each participant in each category may acquire within the framework of LTI 2018). The investment in Saving Shares shall be made through acquisition of ordinary shares on the stock market on 31 December 2018 at the latest (the "**Investment Period**").
3. If the Saving Shares are retained as from the expiration of the Investment Period to and including 31 December 2021 (the "**Saving Period**") and the participant has continued to be employed by the Company throughout the Saving Period, the participant is entitled to allotment of additional ordinary shares in the Company free of charge (the "**Performance Shares**"), provided that the performance targets (the "**Performance Targets**") mentioned below are achieved or exceeded.
4. Participants shall acquire the following number of Saving Shares and shall have the opportunity to be allotted with up to the following number of Performance Shares per Saving Share.

<b>Position</b>	<b>Number of Saving Shares</b>	<b>Maximum number of Performance Shares per Saving Share</b>
CEO	30,000	4
Other senior executives (4 persons)	15,000	3
Other employees (approximately 20 persons)	5,000	2

5. The total number of Performance Shares shall not exceed 500,000.
6. The Performance Targets that have to be achieved or exceeded relate to (i) the share price development of the Company's shares (the "**Share Price Target**"), (ii) the net sales for each respective financial year of 2018-2021 (the "**Sales Target**"), and (iii) the EBITDA for each respective financial year of 2018-2021 (the "**EBITDA Target**"), whereby each Performance Target is weighted by 1/3 and with regard to the Sales Target and EBITDA Target, each respective financial year is weighted by 1/4.

*The Share Price Target* relates to the development of the Company's share price over the period from the date of the annual shareholders' meeting 2018 to and including 31 December 2021. The share price development will be measured based

on the volume weighted average share price 30 trading days immediately following the annual general meeting 2018 and 30 trading days immediately preceding 31 December 2021. An increase in the share price with less than 25 per cent does not entitle to any vesting of any of the Performance Shares pertaining to the Share Price Target and an increase in the share price with 100 per cent or more does entitle a vesting of all of the Performance Shares pertaining to the Share Price Target. In the event of an increase in the share price of between 25 and 100 per cent, vesting of the Performance Shares pertaining to the Share Price Target will occur linearly.

*The Sales Target and the EBITDA Target* for each respective financial year shall be determined by the board of directors annually and with regard to the financial year 2018, before LTI 2018 is offered to the participants. For each respective target, a minimum level and a maximum target level shall be determined for each respective financial year. If the minimum level is not achieved, no Performance Shares are vested in relation to the actual Performance Target for the financial year and if the maximum target level is achieved, full vesting shall take place of the Performance Shares pertaining to the actual Performance Target for the financial year. If the minimum level is exceeded but the maximum target level is not achieved, vesting of the Performance Shares pertaining to the actual Performance Target for the financial year will occur linearly. The board of directors intends to present the determined targets regarding the Sales Target and the EBITDA Target as well as the achievement of these in connection with the expiration of LTI 2018 at the latest.

The final number of Performance Shares vested by each participant shall be rounded downwards to the nearest whole number.

7. Before the number of Performance Shares to be allocated is finally determined, the board of directors shall evaluate if allocation pursuant to the principles set out above is reasonable, having regard to the Company's results and financial standing, to conditions on the stock market and to other circumstances in general. If the board of directors finds that it is not reasonable, then the board of directors may decrease the number of Performance Shares to be allocated to the lower number of shares that the board of directors finds reasonable.
8. The number of Performance Shares that may be allotted by virtue of Saving Shares shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar company actions.
9. Allotment of Performance Shares shall take place within 30 days from the publication of the year-end report for the financial year 2021.
10. Participation in LTI 2018 presupposes that the participation is legally possible and that the participation in the Company's sole opinion can be made with reasonable administrative costs for the Company.

11. The board of directors shall be responsible for the details and management of LTI 2018 within the framework of the main conditions as set out above, and the board of directors shall be authorized to make minor adjustments to these conditions as required by law or for administrative reasons. The board of directors shall also be authorized to adjust or deviate from the terms and conditions as required by local laws and regulations as well as existing market practices. Furthermore, in the event of a public take-over offer, a sale of the Company's business, liquidation, merger or any other such transaction affecting the Company, the board of directors shall, at its sole discretion, be entitled to resolve that the Performance Shares (partially or in full) shall vest and be allotted on completion of such transaction. The board of directors will make this resolution based on the level of achievement of the Performance Targets, the remainder of the Saving Period and any other factors deemed relevant by the board of directors.

**B. Authorization on directed issues of series C shares**

The board of directors proposes that the annual shareholders' meeting resolves to authorize the board of directors, for the period up until the next annual shareholders' meeting, on one or several occasions, to issue a maximum of 500,000 series C shares. The new shares may, with deviation from the shareholders' preferential rights, only be subscribed for by a bank or a securities company at a subscription price which corresponds to the quota value of the shares. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights in connection with an issue of shares is to secure delivery of Performance Shares under LTI 2018, which shall be effected through the Company repurchasing the series C shares issued pursuant to the authorization in section C below and thereafter, when the series C shares have been converted to ordinary shares, by transferring ordinary shares to the participants in LTI 2018 in accordance with section D below.

**C. Authorization on repurchase of series C shares**

The board of directors proposes that the annual shareholders' meeting resolves to authorize the board of directors, for the period up until the next annual shareholders' meeting, on one or several occasions, to repurchase its own series C shares. Repurchase may only be effected through a public offer directed to all holders of series C shares and shall comprise all outstanding series C shares. Repurchase may also be made of so-called interim shares, by Euroclear Sweden AB designated as a Paid Subscribed Share (*Sw. Betald Tecknad Aktie (BTA)*), regarding a series C share. Repurchase shall be made at a purchase price per share which corresponds to the quota value of the share. The purpose of the proposed repurchase authorization is to secure delivery of Performance Shares under LTI 2018.

The board of directors' statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act (*Sw. aktiebolagslagen*) is presented in a separate document provided with this proposal.



#### **D. Resolution on transfer of own ordinary shares**

In order to fulfil the Company's obligations towards participants in LTI 2018, the board of directors proposes that the annual shareholders' meeting resolves that the Company shall be entitled to transfer the Company's own ordinary shares as follows:

1. The Company shall have the right to transfer the number of ordinary shares that the Company has a maximum obligation to allocate as Performance Shares to participants in LTI 2018, at most 500,000 shares.
2. The number of shares that may be transferred pursuant to LTI 2018 shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar corporate action which affects the number of shares in the Company.
3. The right to acquire ordinary shares shall, with deviation from the shareholders' preferential rights, vest in participants in LTI 2018 who are entitled to be allotted Performance Shares in accordance with the terms and conditions of the program.
4. Transfer of shares to participants in LTI 2018 shall be made free of charge and be executed at the relevant time specified in the terms and conditions for LTI 2018.

The reason for the deviation from the shareholders' preferential rights in connection with the transfers of own ordinary shares is to enable the Company's delivery of Performance Shares to participants in LTI 2018.

#### **Costs, impact on key ratios, existing incentive programs and dilution**

LTI 2018 will be accounted for in accordance with IFRS 2 which stipulates that the right to receive Performance Shares shall be expensed as a personnel cost over the vesting period.

The board of directors has made a preliminary cost calculation for LTI 2018, which is based on a price per share of SEK 30 at the final allocation, that each participant makes an investment in Saving Shares which qualifies for participation in LTI 2018 and that the maximum number of Performance Shares is allotted. The value of the Performance Shares has been calculated based on a share price of SEK 15 per share in connection with the implementation of LTI 2018. Based on the above assumptions, the value of each Performance Share related to the Sales Target and the EBITDA Target, respectively has been calculated to SEK 15 and the value of each Performance Share related to the Share Price Target has been calculated to SEK 5.67.

Overall, this results in a maximum cost for LTI 2018 of approximately SEK 5.9 million, excluding costs for social security contributions. The total costs for social security contributions, based on the assumption of a 100 per cent share price increase until the time of allocation of Performance Shares, is estimated to amount to a maximum of approximately SEK 4.7 million.

As per the date of the notice, the number of shares in the Company amounts to 50,811,866. In addition thereto, warrants have been issued in connection with a previous financing agreement which could result in a maximum of 599,114 additional shares being issued.

The maximum number of Performance Shares amounts to 500,000, which corresponds to a dilution of approximately 0.97 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full issuance of Performance Shares in connection with LTI 2018.

Based on the calculation of cost and the dilution as per the above, the key figure earnings per share for the full year 2017 had been changed from SEK -3.24 to SEK -3.28.

The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the maximum total dilution from LTI 2018 amounts to approximately 0.96 per cent.

Since previously, there are incentive programs in the form of three employee option programs and one warrant program outstanding in the Company. In case all warrants issued in connection with the outstanding programs, and which still can be exercised, are exercised for subscription of shares, a total of 2,564,710 new shares will be issued. In addition to LTI 2018, the board of directors has also proposed that the annual shareholders' meeting resolves to implement a warrant program for senior executives in connection with which a total of 1,175,000 new shares may be issued and the Nomination Committee has also proposed that the annual shareholders' meeting resolves to implement a long-term incentive program for certain members of the board of directors in the form of a performance-based share saving program in connection with which a total of 120,000 new shares may be issued. In case all outstanding incentive programs as well as the incentive programs proposed to be issued upon resolution by the annual shareholders' meeting are exercised in full, a total of 4,359,710 new shares will be issued, which corresponds to a dilution of approximately 7.90 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full exercise of all outstanding and proposed incentive programs. The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the maximum total dilution from existing and proposed incentive programs amounts to approximately 7.82 per cent.

The above calculations regarding dilution and impact on key ratios are subject to recalculation of the warrants in accordance with the customary recalculation terms included in the complete applicable warrant terms.

### **Preparation of the proposal**

The proposal for LTI 2018 has been prepared by the Remuneration Committee together with external consultants. The final proposal has been resolved upon by the board of directors.

### **Majority requirement**

The board of directors' proposal on implementation of a long-term incentive program in accordance with Sections A to D above constitutes an overall proposal which shall be resolved upon as one resolution. The resolution is subject to the provisions in Chapter 16 of the Swedish Companies Act (*Sw. aktiebolagslag 2005:551*), and a valid resolution

hence requires that the proposal is supported by shareholders with at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

As noted above, the resolution to implement the incentive program in accordance with Sections A to D above is conditional upon that the annual shareholders' meeting also resolves to amend the Articles of Association in accordance with a separate proposal whereby the possibility to issue series C shares is introduced.

The chairman of the board of directors, or anyone appointed by him, shall be authorized to make minor formal adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (*Sw. Bolagsverket*) or Euroclear Sweden AB.

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Lund in April 2018

BONESUPPORT HOLDING AB (publ)

The Board of Directors

**Schedule 8**

*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **Statement of the Board of Directors pursuant to Chapter 19, Section 22 of the Swedish Companies Act (2005:551)**

As the board of directors and the Nomination Committee proposes that the annual shareholders' meeting on 22 May 2018 resolves to authorize the board of directors to resolve on acquisition of own series C shares, the board of directors of BONESUPPORT HOLDING AB, Reg. No. 556802-2171 (the "**Company**") hereby issues the following statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act (*Sw. aktiebolagslagen*).

In accordance with the proposed authorizations, the Company will be entitled to repurchase a maximum of 620,000 own series C shares for a price which corresponds to the shares quota value of SEK 0.625. The total amount that may be issued upon acquisition pursuant to the authorizations amounts thus to SEK 387,500.

The nature and scope of the Company's business are set forth in the Company's articles of association and the annual report for the financial year 2017. The annual report sets forth the Company's and the group's financial position as of 31 December 2017. It also sets forth the principles applied with respect to the valuation of the Company's and the group's assets, reservations and liabilities. No assets or liabilities have been reported at their fair value pursuant to Chapter 4, Section 14 a, of the Swedish Annual Accounts Act (*Sw. årsredovisningslagen*).

According to the annual report for the financial year 2017, the Company's unrestricted equity (available profit and unrestricted reserves) amounts to approximately SEK 890 million. As per the balance sheet date, 31 December 2017, the Company's restricted equity amounted to approximately SEK 31 million. The board of directors has made the assessment that the Company's restricted equity will be intact if the proposed authorizations to acquire own series C shares are fully exercised.

Even if the proposed repurchase authorizations are fully exercised, the impact on the Company's and the group's liquidity will be marginal.

The board of directors is of the opinion that acquisition of own series C shares pursuant to the proposed authorizations will not affect the Company's and the group's ability to meet their short or long term payment obligations. Nor is the exercise of the proposed authorizations expected to negatively affect the Company's and the group's ability to make commercially justifiable investments. The board of directors is also of the opinion that the Company's and the group's equity, after exercise of the proposed authorizations for acquisition of own series C shares, will be sufficient seen in relation to the nature, scope and risks of the business operations of the Company and the group.

In view of the above and considering such other circumstances, which have come to the board of directors attention, the board of directors is of the opinion, based on an overall assessment of the Company's and the group's financial position, that the proposed authorizations to resolve on acquisition of own series C shares are justifiable with respect to the requirements imposed by the nature, scope and risks of the operations in relation to the

size of the Company's and the group's equity, as well as the consolidation needs, liquidity and general position of the Company and the group.

The board of directors therefore considers that the proposed authorizations are justified with respect to the requirements set out in Chapter 17, Section 3, paragraph 2 and 3 of the Swedish Companies Act.

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Lund on 20 April 2018

BONESUPPORT HOLDING AB

The Board of Directors

Håkan Björklund

Lennart Johansson

Tone Kvåle

Lars Lidgren

Björn Odlander

Nina Rawal

**Schedule 9**

*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **The Nomination Committee's proposal for resolution on implementation of a long-term incentive program for certain members of the Board of Directors by way of (A) implementation of a performance-based share saving program; (B) authorization on directed issues of series C shares; (C) authorization on repurchase of series C shares; and (D) resolution on transfer of own ordinary shares**

The Nomination Committee of BONESUPPORT HOLDING AB (publ), Reg. No. 556802-2171 (the "**Company**"), proposes that the annual shareholder's meeting on 22 May 2018 resolves to implement a long-term incentive program in the form of a performance-based share saving program (the "**Board LTI 2018**") for certain members of the board of directors in accordance with A below. The resolution shall be conditional upon that the annual shareholders' meeting also resolves to amend the Articles of Association in accordance with a separate proposal whereby the possibility to issue series C shares is introduced and that the annual shareholders' meeting also resolves on hedging measures in accordance with B – D below.

### **A. Implementation of a performance-based share saving program**

#### ***Background***

Board LTI 2018 has been initiated and prepared by the Nomination Committee, considering that the Company competes for qualified board members in an internationally competitive market. The overall purpose with Board LTI 2018 is to align the interests of the members of the board of directors with those of the shareholders and thus ensure a maximum long-term value adding commitment. Board LTI 2018 is also considered to create a long-term focus on increase in earnings and growth among the participants.

#### ***Terms and conditions for Board LTI 2018***

1. Board LTI 2018 shall comprise the members of the board of directors, Simon Cartmell, Tone Kvåle and Lennart Johansson. The members of the board of directors, Håkan Björklund, Björn Odlander and Nina Rawal, who are linked to the Company's principal shareholders Tellacq AB, HealthCap V L.P. and Stiftelsen Industrifonden, and the member of the board of directors, Lars Lidgren, who is the founder of the Company, shall not be comprised of Board LTI 2018.
2. Board LTI 2018 means that the participants will invest in ordinary shares in the Company ("**Saving Shares**"). In order to be entitled to participate in Board LTI 2018, each participant must at least acquire the number of Savings Shares which has been specified for each participant below (which amount also corresponds to



the maximum number of Saving Shares that each participant may acquire within the framework of Board LTI 2018). The investment in Saving Shares shall be made through acquisition of ordinary shares on the stock market on 31 December 2018 at the latest (the "**Investment Period**").

3. If the Saving Shares are retained as from the expiration of the Investment Period to and including 31 December 2021 and the participant has continued to be a member of the board of directors of the Company until the date of when the annual shareholders' meeting 2021 is held (i.e. most likely in May 2021), the participant is entitled to allotment of additional ordinary shares in the Company free of charge (the "**Performance Shares**"), provided that the performance target (the "**Performance Target**") mentioned below is achieved or exceeded.
4. Participants shall acquire the following number of Saving Shares and shall have the opportunity to be allotted with up to the following number of Performance Shares per Saving Share.

<b>Participant</b>	<b>Number of Saving Shares</b>	<b>Maximum number of Performance Shares per Saving Share</b>
Simon Cartmell	30,000	2
Tone Kvåle and Lennart Johansson	15,000	2

5. The total number of Performance Shares shall not exceed 120,000.
6. The Performance Target that has to be achieved or exceeded relates to the development of the Company's share price over the period from the date of the annual shareholders' meeting 2018 to and including 31 December 2021. The share price development will be measured based on the volume weighted average share price 30 trading days immediately following the annual general meeting 2018 and 30 trading days immediately preceding 31 December 2021. An increase in the share price with less than 25 per cent does not entitle to any vesting of Performance Shares and an increase in the share price with 100 per cent or more does entitle a vesting of all Performance Shares. In the event of an increase in the share price of between 25 and 100 per cent, vesting of Performance Shares will occur linearly.

The final number of Performance Shares vested by each participant shall be rounded downwards to the nearest whole number.

7. The number of Performance Shares that may be allotted by virtue of Saving Shares shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar company actions.

8. Allotment of Performance Shares shall take place within 30 days from the publication of the year-end report for the financial year 2021.
9. Participation in Board LTI 2018 presupposes that the participation is legally possible and that the participation in the Company's sole opinion can be made with reasonable administrative costs for the Company.
10. The Company's Remuneration (excluding the participants, if applicable) shall be responsible for the management of Board LTI 2018 within the framework of the conditions as set out above, and the board of directors shall be authorized to make minor adjustments to these conditions as required by law or for administrative reasons. The Remuneration Committee shall also be responsible for any recalculations in accordance with item 7 above.
11. In the event of a public take-over offer, a sale of the Company's business, liquidation, merger or any other such transaction, all Performance Shares shall be deemed to be immediately vested and shall be allotted on completion of such transaction provided that the participant at the relevant point of time of such transaction (i) still is a member of the board of directors; and (ii) still holds all Saving Shares.

**B. Authorization on directed issues of series C shares**

The Nomination Committee proposes that the annual shareholders' meeting resolves to authorize the board of directors, for the period up until the next annual shareholders' meeting, on one or several occasions, to issue a maximum of 120,000 series C shares, wherein the final number of series C shares that may be issued shall be determined to correspond with the maximum amount of Performance Shares that may need to be issued in relation to Board LTI 2018. The new shares may, with deviation from the shareholders' preferential rights, only be subscribed for by a bank or a securities company at a subscription price which corresponds to the quota value of the shares. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights in connection with an issue of shares is to secure delivery of Performance Shares under Board LTI 2018, which shall be effected through the Company repurchasing the series C shares issued pursuant to the authorization in section C below and thereafter, when the series C shares have been converted to ordinary shares, by transferring ordinary shares to the participants in Board LTI 2018 in accordance with section D below.

**C. Authorization on repurchase of series C shares**

The Nomination Committee proposes that the annual shareholders' meeting resolves to authorize the board of directors, for the period up until the next annual shareholders' meeting, on one or several occasions, to repurchase its own series C shares. Repurchase may only be effected through a public offer directed to all holders of series C shares and shall comprise all outstanding series C shares. Repurchase may also be made of so-called interim shares, by Euroclear Sweden AB designated as a Paid Subscribed Share (*Sw. Betald Tecknad Aktie (BTA)*), regarding a series C share. Repurchase shall be made at a

purchase price per share which corresponds to the quota value of the share. The purpose of the proposed repurchase authorization is to secure delivery of Performance Shares under Board LTI 2018.

The board of directors' statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act (*Sw. aktiebolagslagen*) is presented in a separate document provided with this proposal.

#### **D. Resolution on transfer of own ordinary shares**

In order to fulfil the Company's obligations towards participants in Board LTI 2018, the Nomination Committee proposes that the annual shareholders' meeting resolves that the Company shall be entitled to transfer the Company's own ordinary shares as follows:

1. The Company shall have the right to transfer the number of ordinary shares that the Company has a maximum obligation to allocate as Performance Shares to participants in Board LTI 2018, at most 120,000 shares.
2. The number of shares that may be transferred pursuant to Board LTI 2018 shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar corporate action which affects the number of shares in the Company.
3. The right to acquire ordinary shares shall, with deviation from the shareholders' preferential rights, vest in participants in Board LTI 2018 who are entitled to be allotted Performance Shares in accordance with the terms and conditions of the program.
4. Transfer of shares to participants in Board LTI 2018 shall be made free of charge and be executed at the relevant time specified in the terms and conditions for Board LTI 2018.

The reason for the deviation from the shareholders' preferential rights in connection with the transfers of own ordinary shares is to enable the Company's delivery of Performance Shares to participants in Board LTI 2018.

#### **Costs, impact on key ratios, existing incentive programs and dilution**

Board LTI 2018 will be accounted for in accordance with IFRS 2 which stipulates that the right to receive Performance Shares shall be expensed as a personnel cost over the vesting period.

The Nomination Committee has made a preliminary cost calculation for Board LTI 2018, which is based on a price per share of SEK 30 at the final allocation, that each participant makes an investment in Saving Shares which qualifies for participation in Board LTI 2018 and that the maximum number of Performance Shares is allotted. The value of the Performance Shares has been calculated based on a share price of SEK 15 per share in connection with the implementation of Board LTI 2018. Based on the above assumptions, the value of each Performance Share has been calculated to SEK 5.67.

Overall, this results in a maximum cost for Board LTI 2018 of approximately SEK 0.7 million, excluding costs for social security contributions. The total costs for social security

contributions, based on the assumption of a 100 per cent share price increase until the time of allocation of Performance Shares, is estimated to amount to a maximum of approximately SEK 1.1 million.

As per the date of the notice, the number of shares in the Company amounts to 50,811,866. In addition thereto, warrants have been issued in connection with a previous financing agreement which could result in a maximum of 599,114 additional shares being issued.

The maximum number of Performance Shares amounts to 120,000, which corresponds to a dilution of approximately 0.24 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full issuance of Performance Shares in connection with Board LTI 2018.

Based on the calculation of cost and the dilution as per the above, the key figure earnings per share for the full year 2017 would have been unchanged.

The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the maximum total dilution from Board LTI 2018 amounts to approximately 0.23 per cent.

Since previously, there are incentive programs in the form of three employee option programs and one warrant program outstanding in the Company. In case all warrants issued in connection with the outstanding programs, and which still can be exercised, are exercised for subscription of shares, a total of 2,564,710 new shares will be issued. In addition to Board LTI 2018, the board of directors has proposed that the annual shareholders' meeting also resolves to implement a warrant program for senior executives in connection with which a total of 1,175,000 new shares may be issued and the board of directors has also proposed that the annual shareholders' meeting resolves to implement a long-term incentive program for employees in the form of a performance-based share saving program in connection with which a total of 500,000 new shares may be issued. In case all outstanding incentive programs as well as the incentive programs proposed to be issued upon resolution by the annual shareholders' meeting are exercised in full, a total of 4,359,710 new shares will be issued, which corresponds to a dilution of approximately 7.90 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full exercise of all outstanding and proposed incentive programs. The dilution calculation as described above does not consider the shares that may be issued in connection with an exercise of the warrants which have been issued in connection with the previous financing agreement. In case these warrants are to be considered as well, the maximum total dilution from existing and proposed incentive programs amounts to approximately 7.82 per cent.

The above calculations regarding dilution and impact on key ratios are subject to recalculation of the warrants in accordance with the customary recalculation terms included in the complete applicable warrant terms.

### **Preparation of the proposal**

The proposal for Board LTI 2018 has been prepared by the Nomination Committee together with external consultants. However, the chairman of the board of directors,

Håkan Björklund, has not participated in the Nomination Committee's preparation of the proposal.

**Majority requirement**

The Nomination Committee's proposal on implementation of a long-term incentive program in accordance with Sections A to D above constitutes an overall proposal which shall be resolved upon as one resolution. The resolution is subject to the provisions in Chapter 16 of the Swedish Companies Act (*Sw. aktiebolagslag 2005:551*), and a valid resolution hence requires that the proposal is supported by shareholders with at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

As noted above, the resolution to implement the incentive program in accordance with Sections A to D above is conditional upon that the annual shareholders' meeting also resolves to amend the Articles of Association in accordance with a separate proposal whereby the possibility to issue series C shares is introduced.

The chairman of the Company's Remuneration Committee, or anyone appointed by him, shall be authorized to make minor formal adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (*Sw. Bolagsverket*) or Euroclear Sweden AB.

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April 2018

The Nomination Committee in BONESUPPORT HOLDING AB (publ)