

PRESS RELEASE



Lund, Sweden, 13:00 CET 20 April 2018

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.

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 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), 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). 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:

Position	Number of warrants
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 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.

Position	Number of Saving Shares	Maximum number of Performance Shares per Saving Share
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.

Participant	Number of Saving Shares	Maximum number of Performance Shares per Saving Share
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 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) 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.

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

*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.

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