

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.

| 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 |

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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The Nomination Committee in BONESUPPORT HOLDING AB (publ)