

PROPOSAL BY THE BOARD OF DIRECTORS OF CAPIO AB (publ) ON A DIRECTED ISSUE OF CONVERTIBLES AND APPROVAL OF A LONG-TERM INCENTIVE PROGRAM (CONVERTIBLE PROGRAM 2016/2021)

The Board of Directors of Capiro AB (publ) proposes that the Annual General Meeting resolves on the implementation of a long-term incentive program for employees in the Capiro Group including the issue of convertible bonds ("Convertible Program 2016/2021") on the following main terms and conditions.

The Board of Directors proposes that the Annual General Meeting resolves;

that the company shall issue convertible bonds in series 2016/2021:1 with a maximum nominal value of SEK 180,000,000 and series 2016/2021:2A and series 2016/2021:2B with a maximum nominal value of EUR 18,000,000 respectively, whereby the total nominal amount of series 2016/2021:2A and series 2016/2021:2B shall not exceed EUR 18,000,000 and the total nominal amount of all series of convertible bonds shall in aggregate not exceed SEK 200,000,000;

that the subscription price for each convertible bond shall be equal to its nominal value;

that with deviation from the shareholders' preferential right, the right to subscribe for the convertible bonds shall be granted to employees of the Capiro Group who on 30 April 2016 (i) have employment in, or have entered into an employment agreement with, a company within the Capiro Group and (ii) have not given or been given notice of termination of employment, and to certain consultants in Capiro Norway working at least 50 percent of full time;

that subscription for the convertibles shall be made on a separate subscription list from 24 May 2016 up to and including 17 June 2016, with a right for the Board of Directors to prolong this time limit;

that payment for the convertibles shall be made on 8 July 2016 at the latest, with a right for the Board of Directors to prolong this time limit;

that the convertible bonds of series 2016/2021:1 shall carry annual interest from 8 July 2016 equivalent to STIBOR 3M plus an interest margin established by an independent valuation institute in accordance with established valuation methods so that the market value of the convertibles corresponds to their nominal amount;

that the convertible bonds of series 2016/2021:2A-B shall carry annual interest from 8 July 2016 established by an independent valuation institute in

accordance with established valuation methods so that the market value of the convertibles corresponds to their nominal amount;

- that the accrued interest shall be due for payment on 8 July each year commencing on 8 July 2017 and on the maturity date for the convertible bonds. At conversion, the right to receive interest will cease for the period from the nearest preceding interest payment date;
- that the conversion rate shall be calculated at 120 percent of the average volume weighted share price for the Capio share according to Nasdaq Stockholm's official share price list during the period 11 May 2016 up to and including 18 May 2016, but not lower than the share's quota value. In the absence of a buying rate for any of the days in question, the purchase rate quoted as the final rate shall be applied. A day when there is neither a buying rate nor a purchase rate available shall not be included in the calculation. The calculated conversion rate shall be rounded to the nearest whole number of cents (Sw. *öretal*), it being understood that a half cent shall be rounded downwards. For the convertible bonds of series 2016/2021:2A-B, the conversion price shall thereafter be recalculated into EUR applying the exchange fixing rate SEK/EUR quoted by the Swedish commercial banks on 18 May 2016, to the extent such recalculation can be performed without the conversion rate being less than the share's quota value. The conversion rate thus calculated in EUR shall be rounded to the nearest whole number of euro cents, it being understood that a half cent shall be rounded downwards. The conversion price for convertible bonds of all series shall be determined by the Board as soon as practically possible after the end of the valuation period;
- that the convertibles may be converted into new shares in Capio AB during the period commencing on 25 July 2021 up to and including 15 August 2021;
- that the convertible bonds shall become due for redemption on 31 August 2021 to the extent that conversion has not occurred before then;
- that the convertible bonds shall, in the event of bankruptcy or liquidation of the company, be ranked after the company's all other liabilities which are not expressly subordinated to or expressly ranking pari passu with the convertible bonds and pari passu with other convertible bonds issued on corresponding terms;
- that a share obtained due to conversion shall entitle to dividend distribution for the first time on the record day for dividend distribution occurring next after the execution of the conversion; and
- that applicable terms for recalculation and other the terms and conditions for the convertibles are set forth in "*Terms and conditions for convertible bonds series 2016/2021:1 and 2016/2021:2A-B in Capio AB (publ)*".

The Board of Directors or anyone appointed by the Board of Directors shall be authorised to make such minor changes to the resolution by the general meeting to issue convertible bonds as may be deemed necessary in connection with registration at the Swedish Companies Registration Office (Sw: *Bolagsverket*) and Euroclear Sweden AB.

The reasons for deviation from the shareholders' preferential rights are that Capiro AB wishes to introduce a convertible program intended for employees within the Capiro Group, whereby they will be offered the opportunity to take part in a value increase of the company and the company's share. A personal long-term ownership among the employees is expected to promote the interest in the company's development and results, as well as in the company's share price development, and to increase motivation and a continued company loyalty over the coming years.

Principles for allotment

The allocation of the convertible bonds shall be effected by the Board in accordance with the following principles:

<u>Participants</u>	<u>Base Amount</u>
- Managing Director and CEO	SEK 3,000,000
- Group Management (5 persons)	SEK 2,000,000 each
- Business Area Managers and French Management Group (approximately 14 persons)	SEK 1,000,000 each
- Business Area Support Managers (approximately 120 persons)	SEK 750,000 each
- Unit Managers and certain consultants in Norway (approximately 400 persons)	SEK 300,000 each
- Care Unit Managers (approximately 350 persons)	SEK 150,000 each
- All other employees	SEK 50,000 each

For convertible bonds of series 2016/2021:2A-B, the Base Amounts shall be recalculated into EUR, rounded to the nearest 100 EUR, applying the exchange fixing rate SEK/EUR quoted by the Swedish commercial banks on 18 May 2016. A participant is entitled to subscribe for the Base Amount or a larger nominal amount ("Additional Amount") corresponding to maximum 300 percent of the Base Amount. The participants can choose to subscribe for a lower nominal amount than the Base Amount, however not lower than SEK 10,000 or multiple thereof, or its equivalent in EUR calculated as set forth above. There will be no guaranteed allotment.

Regarding participants in other countries than Sweden, it is implied that, in the opinion of the Board, participation can take place with reasonable administrative and financial efforts.

Principles for allocation in case of oversubscription

In case subscription is made with an amount in total exceeding SEK 200 million for all series of convertible bonds (or such lower amount as may be the result of a reduction in order to bring the maximum dilution to 2.5 percent in accordance with what is stated below), the total allocation shall be reduced to bring the maximum nominal amount to SEK 200 million (or such lower amount as may be the result of a reduction in order to bring the maximum dilution to 2.5 percent). The same shall apply in case series 2016/2021:2A and series 2016/2021:2B are subscribed for with an amount exceeding EUR 18,000,000 and in case either of the series of convertible bonds is subscribed for with an aggregate amount exceeding the maximum nominal amount of each series, respectively. Such reduction and allocation will be made in accordance with the principles set forth below.

Allotment shall first be made to the subscribers with the Base Amount offered in accordance with the principles for allotment. Any remaining amount will thereafter be allotted to participants subscribing for an Additional Amount pro rata in proportion to the Additional Amount subscribed for. If the Base Amounts subscribed for in aggregate exceed the total nominal amount of the convertible bonds, or of one of the series of convertible bonds, as the case may be, reduction will be made pro rata in proportion to the Base Amount subscribed for by each participant.

Dilution and effect on key ratios

The increase of Capio's share capital will at full subscription and conversion of the convertible bonds, respectively, based on a conversion price of SEK 60 (corresponding to 120 percent of SEK 50), amount to approximately SEK 1,700,000 based on a quota value of SEK 0.51 per share, which, at full conversion of the convertible bonds, corresponds to a dilution of approximately 2.4 percent of the share capital and the total number of votes.

In case the conversion rate at the time of issue should with the application of the above mentioned calculation principles and applicable stock exchange and exchange rates, be set at a value that would bring a dilution after full conversion of more than 2.5 percent of the share capital and the votes, the maximum amount of the loan shall be reduced to bring the maximum dilution to 2.5 percent (provided however that the maximum dilution may be larger than 2.5 percent due to a later recalculation of the conversion price as per the terms for the convertible bonds). The proposed convertibles will cause the earnings per share to change in direct opposite proportion to the change in the number of shares conversion results in (the dilution). Since the dilution of the share capital under the terms and conditions can never exceed 2.5 percent, the earnings per share can never decrease by more than 2.5 percent at full conversion.

Preparation of the proposal

The convertible program has been prepared by the Remuneration Committee and the Board with advice from external experts. The proposal has been resolved upon by the Board. The CEO has not participated in the preparation of the proposal.

Costs for the convertible program

The financial costs for the program are, at full subscription, estimated to amount to approximately MSEK 12 per year. The costs pertaining to fees to external advisors and banks are estimated to amount to less than MSEK 6 during the course of the program. In addition, the company may be charged minor costs for social security contributions for certain participants in other jurisdictions. Other than that, the Convertible Program 2016/2021 is not expected to entail any significant costs for the company. No measures to hedge the program has been taken.

Majority requirements

A resolution according to the proposal of the Board of Directors must be supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the Annual General Meeting in order to be valid.

Gothenburg in April 2016
CAPIO AB (publ)
The Board of Directors