

## Notice to attend the Annual General Meeting of Recipharm AB (Publ)

The shareholders in Recipharm AB (publ), reg. no. 556498-8425, are hereby invited to attend the annual general meeting ("AGM") to be held on 28 April 2016 at 1.00 pm at the company's premises at Lagervägen 7 in Jordbro, Sweden.

### Notification to attend etc.

Shareholders who wish to attend the AGM must

- be recorded in the share register kept by Euroclear Sweden AB no later than on Friday 22 April 2016, and
- notify the company of their intention to attend the AGM at the latest by Monday 25 April 2016.

Notification to participate in the AGM must be in writing via the booking form available on the company's website [www.recipharm.com](http://www.recipharm.com) or by e-mail to [AGM2016@recipharm.com](mailto:AGM2016@recipharm.com). Notification can also be made by telephone at +46-8-602 44 76. The notification shall state name, personal identification number/ company registration number, address, telephone number and number of shares held.

### Proxies

Shareholders represented by proxy must issue a written, signed and dated proxy. If the proxy is issued by a legal entity, a certified copy of the valid registration certificate (*Sw. registreringsbevis*) of the legal entity (or similar document for non-Swedish legal entity) must be attached to the proxy. The proxy may not be older than one year unless it states that it is valid for a longer period of time (the validity of the proxy may not exceed five years).

In order to facilitate the registration, proxies in its original as well as registration certificates and other authorization documents should be sent to the company address, Recipharm AB, Att: Katja Zaharova, Lagervägen 7, 136 50 Jordbro, well in advance before the meeting.

Proxy forms for shareholders who wish to attend the meeting by proxy will be available on the company website, [www.recipharm.com](http://www.recipharm.com).

### Shareholding in the name of a nominee

In order to be entitled to participate in the meeting, shareholders who hold their shares through nominees (*Sw. förvaltare*) must request a temporary registration of the shares in their own name, with Euroclear Sweden AB. Shareholders who wishes to obtain such registration must contact the nominee regarding this well in advance of 22 April 2016.

## Proposal for agenda

1. Opening of the meeting
2. Election of chairman of the meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to approve the minutes
6. Determination as to whether the meeting has been duly convened
7. Presentation of the annual report and the auditor's report as well as the consolidated annual report and the auditor's report on the consolidated annual report
8. Statement by the CEO
9. Adoption of the profit and loss statement and the balance sheet as well as the consolidated profit and loss statement and the consolidated balance sheet
10. Resolution in respect of appropriation of the company's profit or loss as set forth in the adopted balance sheet
11. Resolution in respect of discharge of the board members and the CEO from liability
12. Determination of number of board members and auditors
13. Determination of fees for board members and auditors
14. Election of board members and chairman of the board
15. Election of auditor
16. Resolution in respect of guidelines for remuneration for senior executives
17. Resolution to implement a share savings program for 2016, including:
18. approval of the program;
19. authorization for the board to resolve on direct issues of shares of series D; and
20. authorization for the board to resolve to repurchase of shares of series D
21. Resolution to amend the Articles of Association
22. Resolution in respect of authorization for the board to issue shares and/or convertible bonds
23. Closing of the meeting

## Proposals by the nomination committee

The Nomination Committee has consisted of Axel Calissendorff, Chairman of the nomination committee, representing Flerie Participation AB, Lars Backsell, Chairman of the board of directors of Recipharm AB, Johan Lannebo, representing Lannebo Fonder, and Ossian Ekdahl, representing Första AP-fonden.

### *Election of chairman of the meeting (item 2)*

The nomination committee proposes that Lars Backsell is elected as chairman of the meeting.

#### *Determination of number of board members and auditors (item 12)*

The nomination committee proposes that the board shall consist of eight board members elected by the general meeting. The nomination committee also proposes that the company shall have one registered auditing company as auditor.

#### *Determination of fees for board members and auditors (item 13)*

The nomination committee proposes that the total remuneration for the board of directors shall amount to SEK 1,780,000 (previous year 1,760,000), of which SEK 400,000 (unchanged) shall be paid to the chairman of the board of directors and SEK 200,000 (unchanged) shall be paid to each of the other board members elected by the general meeting and who are not employees of the group. The nomination committee proposes that a fee of SEK 60,000 (previous year SEK 50,000) shall be paid to the chairman of the audit committee and that a fee of SEK 35,000 (previous year SEK 30,000) shall be paid to each of the other two members. The nomination committee proposes that a fee of SEK 30,000 (unchanged) shall be paid to the chairman of the remuneration committee and that a fee of SEK 20,000 (unchanged) shall be paid to the other member.

The nomination committee proposes that the audit fees shall be paid in accordance with approved invoices.

#### *Election of board members and chairman of the board of directors (item 14)*

As members of the board of directors until the end of the next annual general meeting, the nomination committee proposes re-election of Lars Backsell, Marianne Dicander Alexandersson, Anders G. Carlberg, Thomas Eldered, Tony Sandell and Carlos von Bonhorst; and that Helena Levander and Wenche Rolfsen shall be elected as new member of the board of directors. Joan Traynor and Göran Pettersson has declined re-election.

The nomination committee also proposes re-election of Lars Backsell as the chairman of the board of directors.

#### *Election of auditor (item 15)*

The nomination committee proposes that the registered auditing company Ernst & Young AB shall be re-elected as auditor for the period until the next AGM 2017. Ernst & Young AB has informed that, if Ernst & Young AB is re-elected as auditor, Jennifer Rock-Baley will be appointed responsible auditor.

#### **Proposals by the board**

##### *Dividend (item 10)*

The board proposes that the AGM decides on a dividend of SEK 1.50 per share and that the record date for the dividend shall be Monday 2 May 2016. If the AGM decides in accordance with the proposal, the dividend will be paid to shareholders on Friday 6 May 2016.

### *Resolution in respect of guidelines for remuneration of senior executives (item 16)*

The board proposes that the AGM decides on guidelines for remuneration and other terms of employment for senior executives according to the following.

These guidelines for remuneration of senior executives include salary and other terms for the CEO and other senior executives in Recipharm. Other senior executives are those who, together with the CEO, constitute the group management as well as the CEO/managing director or equivalent in subsidiaries.

The opinion of Recipharm is that remuneration shall be paid according to competitive terms, which enables senior executives to be recruited and retained. Remuneration of senior executives may consist of basic salary, annual bonus, pension, other benefits and share-based incentive programs. The remuneration of the CEO and other senior executives shall be based on factors such as duties, expertise, experience, position and performance. Furthermore, the relationship between basic salary and annual bonus shall be proportionate to employees' responsibilities and duties. The annual bonus shall be linked to pre-determined criteria designed to promote the company's creation of value in the long-term. The remuneration shall not discriminate on grounds of gender, ethnic background, national origin, age, disability, religion or other irrelevant factors.

In addition to salary, the CEO and other senior executives are generally entitled to an annual bonus of up to 40 per cent of the base salary, annual pension equivalent to up to 35 per cent of annual salary or according to collective agreements, sick pay equivalent to 75-90 per cent of the monthly salary during the first 3-6 months of a period of sickness. The CEO and other senior executives generally have the right to health insurance and company car as well as other benefits in accordance with local practice. When possible, the pension arrangements shall be in accordance with current collective agreements. In addition to the bonus, approved share or share-price related incentive programs may be added.

Regarding senior executives, provided that collective agreements do not state otherwise, the employee and the employer have a mutual notice period of up to six months. In addition to salary during the notice period, severance pay of up to six months of salary may occur. Senior executives residing outside Sweden may receive other remuneration or benefits that are competitive in the country of their residence, preferably equivalent to those of other senior executives residing in Sweden.

The board members are paid fees determined by the general meeting. Board members elected by the shareholders' meeting shall, in specific cases, receive a fee for services within their respective areas of expertise, which do not constitute work of the board. These services shall be remunerated according to market terms, which shall be approved by the board.

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

### *Resolution to implement a share savings program for 2016 (item 17)*

Recipharm applies a share savings program for the employees adopted the first time at the annual general meeting 2014. The share savings program was renewed on substantially the same terms and conditions at the annual general meeting 2015. The board of directors proposes that the AGM resolves to implement a share savings program also for 2016 as described below (the "Program")

and with the intention that as many employees of the group as possible shall be able to participate in the Program.

*Resolution to approve the program (item 17(a))*

The main purpose of the Program is to increase the possibilities to recruit and retain employees of the group and that ownership commitment among the participants of the Program is expected to increase the interest in the operations and the results, improve motivation as well as increase the sense of togetherness with Recipharm. The board therefore proposes that the AGM resolves to approve a share savings program for 2016 based the program for 2015 and in accordance with the following conditions and principles.

1. The Program shall cover as many employees of the Recipharm group as possible. Participation in the Program requires that participants, with their own funds, during the period from July 2016 to July/August 2017, acquires shares of series B in Recipharm ("Saving Shares") at market price on Nasdaq Stockholm and for an amount not exceeding 5 per cent of each participant's annual fixed salary. Participation for senior executives, and operating company management team members and certain key employees, who are also eligible for the Performance Shares, as described below, requires that participants acquire Saving Shares for an amount not exceeding 10 per cent of the annual fixed salary.
2. The duration of the Program is proposed to be over 3 years from launch of the Program ("Savings Period").
3. Participants who retain the Saving Shares during the Savings Period, and are also employed by the group during the entire Savings Period, will, at the end of the Savings Period, receive one share of series B in Recipharm ("Matching Share") free of charge.
4. The group's senior executives and management team members of operating companies and certain key employees will, in addition to Matching Shares, be able to receive additional shares of series B in Recipharm ("Performance Shares") free of charge, provided that the participant is employed by the group during the entire Savings Period and that certain performance criteria are met. The performance criteria requires that the total return on the Recipharm share during the Savings Period is positive and the outcome of the Program is dependent on the total return of the Recipharm share in relation to certain predetermined companies of comparison. The company's CEO is entitled to up to six Performance Shares for each Saving Share and certain other senior executives (including GMs) are entitled to up to four Performance Shares. Members of local management teams (excluding GMs) and certain key employees are entitled to one Performance Shares for each Saving Share. The company's current CEO, Thomas Eldered (also one of the main shareholders of the company) has informed that he will not participate in the Program.
5. The number of Matching Shares and Performance Shares may be subject to recalculation as a result of bonus issue, split, rights issue and/or similar measures.

6. The board, or the company's remuneration committee, shall be responsible for preparing the details and the specific terms of the Program, in accordance with the terms and guidelines mentioned herein. The board shall have the right to make necessary adjustments to comply with regulations, market conditions or restrictions in certain jurisdictions, or, if participation and/or delivery of shares to participants outside Sweden cannot be arranged for at reasonable costs or with reasonable administrative efforts, to make adjustments, including, among other things, a right to decide that an employee may be offered cash settlement. Furthermore, it is proposed that the board shall have the rights to make other alterations, if deemed appropriate by the board, if there are changes in the Recipharm group or its environment which means that the Program no longer meets the Program's overall purpose.
7. The maximum number of shares covered by the Program amounts to 617,000 shares of series B, corresponding to approximately 1.3 per cent of the number of issued shares after dilution and approximately 0.4 per cent of the votes after dilution. Considering also the number of shares expected to be issued under the share saving program for 2014 and 2015 the total dilution effect is approximately 1.9 per cent of the number of issued shares after dilution and approximately 0.6 per cent of the votes after dilution.

The complete proposal for adoption of share savings program for 2016 will be available in accordance to the section "Documents" below.

*Resolution in respect of authorization for the board to resolve on directed issue of shares of series D (item 17(b))*

The board proposes that the AGM resolves to authorize the board to, at one or several occasions during the period until the next AGM, increase Recipharm's share capital by up to SEK 308,500 through the issue of up to 617,000 shares of series D, each with a par value of SEK 0.50. The new shares shall, with deviation from the shareholders' preferential rights, be able to be subscribed for by a bank or a securities company at an issue price equal to the par value.

The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights when carrying out the issue of the shares is to ensure delivery of shares to participants in accordance with all Recipharm's share saving programs.

*Resolution in respect of authorization for the board to resolve to repurchase shares of series D (item 17(c))*

The board proposes that the AGM resolves to authorize the board to, for the period until the next AGM, decide on a repurchase of shares of series D. The repurchase may only be effected through a public offer directed to all holders of shares of series D and shall comprise all outstanding shares of series D. Purchases shall be made at a price equal to the share's par value. Payment for the shares shall be made in cash. The purpose of the repurchase is to ensure delivery of shares in accordance with the Program.

The board's opinion, pursuant to Chapter 19, section 22 of the Swedish Companies Act, on the proposal to authorize the board to decide on a repurchase of shares of series D is available in accordance to the section "Documents" below.

*Resolution to amend the Articles of Association (item 18)*

The Board proposes that the AGM resolves to (i) amend paragraph 4 of the Articles of Association whereby the share capital shall be not less than SEK 20,000,000 and not more than SEK 80,000,000; that the number shares shall be not less than 40,000,000 and not more than 160,000,000; and that the number of shares of series A and series B respectively shall not exceed 160,000,000; (ii) remove the possibility of issuing series C shares by removal of paragraph 5 of the Articles of Association; (iii) make certain editorial amendments to paragraphs 4 and 7 relating to the removal of the possibility of issuing series C shares, and (iv) adjust the numbering of the Articles of Association to take account of the removal of paragraph 5 of the Articles of Association. The board of directors' complete proposal will be made available in accordance to the section "Documents" below.

*Resolution in respect of authorization for the board to resolve to issue of shares and/or convertible bonds (item 19)*

Recipharm has a clear acquisition strategy aimed at enable the company to participate in the consolidation of CDMO industry. Through acquisitions, Recipharm is offered the opportunity to have access to both new technologies and extended capacity, and new customers and markets. Through acquisitions, Recipharm also strengthen its presence in emerging markets.

The board of directors proposes that the AGM authorizes the board of directors to, on one or several occasions during the period until the next AGM, with or without deviation from the shareholders' preferential rights, resolve on share issues and/or issues of convertible bonds that involve the issue of or conversion to a maximum of 4,900,000 shares of series B, corresponding to a dilution of approximately 9.9 per cent of the share capital and approximately 3.0 per cent of the voting rights, based on the current number of shares in the company.

The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights, if any, is to enable the company to carry out issues of shares and/or convertible bonds in a time-efficient way to finance acquisitions or investments in new or existing businesses. The issuance of shares or convertible bonds under the authorisation shall, in case of deviation from the shareholders' preferential rights, be made at a subscription price according to the prevailing market conditions at the time of the issuance of the shares and/or convertible bonds. Payment for subscribed shares and/or convertible bonds shall be made in cash, in kind or by way of set-off.

## OTHER INFORMATION

### Number of shares and votes

As per 30 March 2016 the total number of shares in the company amounts to 49,614,980, representing a total of 163,786,424 votes, whereof 12,685,716 shares of series A, 36,429,264 shares of series B and 500,000 shares of series D. The company holds 59,911 shares of series B and 500,000 shares of series D.

### Majority requirement of the proposed resolutions in items 17-19

A resolution pursuant to item 17(a) is only valid if approved by shareholders representing at least nine-tenths of the votes cast as well as the shares represented at the AGM. The items 17(a), 17(b) and 17(c) are conditional upon each other.

Resolutions pursuant to item 17(b), 17(c), 18 and 19 are only valid if approved by shareholders representing at least two-thirds of the votes cast as well as the shares represented at the shareholders' meeting.

### Documents

The annual report, the audit report, the board's complete proposal pursuant to items 17-18, the board's reports and the auditor's statements pursuant to the Swedish Companies Act (SFS 2005:551), the nominations committee's statement regarding the proposals relating to the board of directors and information about the proposed board members will, no later than on 7 April 2016, be held available at the company's website, [www.recipharm.com](http://www.recipharm.com), at the company's address at Lagervägen 7, 136 50 Jordbro and will be sent free of charge to shareholders who so request and provide their postal address or email address.

### The shareholders' right to submit questions

The board and the CEO shall, if any shareholder so requests and the board believes that it may be done without significantly harming the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial position and the company's relationship to other companies within the group as well as the consolidated financial statements. Anyone wishing to submit questions in advance can do so by sending them to the company at the address mentioned above.

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Jordbro, March 2016  
RECIPHARM AB (PUBL)  
The Board of Directors