

Proposal of the Board of Directors of AAK AB (publ) for a resolution on the implementation of a long-term incentive program including resolutions on (A) issue of subscription warrants series 2017/2022:2 and (B) transfer of subscription warrants series 2017/2022:2

The Board of Directors of AAK AB (publ) proposes that the Annual General Meeting resolves on a long-term incentive program including resolutions on (A) issue of subscription warrants for a subscription warrants program for senior executives and key employees within the AAK group (“**Warrants Program series 2017/2022:2**”) and (B) transfer of subscription warrants series 2017/2022:2 on the following terms and conditions.

A. Issue of subscription warrants series 2017:2022:2

The Board of Directors proposes that the general meeting resolve:

1. that the company shall issue a maximum of 1,220,000 subscription warrants entitling to subscription for new shares in AAK AB by which the share capital may be increased by a total of maximum SEK 12,200,000;
2. that the issue is made with deviation from the shareholders' preferential rights and the right to subscribe for the subscription warrants shall be granted to AAK Invest AB, a wholly-owned subsidiary of AAK AB;
3. that the subscription warrants shall be issued at a subscription price corresponding to the market value to be determined by an independent valuation institute in accordance with the Black & Scholes valuation method in connection with allotment of the subscription warrants to AAK Invest AB;
4. that subscription and payment for the subscription warrants shall be made on 31 August 2017 at the latest, with a right for the Board of Directors to prolong these time limits;
5. that each subscription warrant shall entitle the holder to subscribe for one (1) new share in AAK AB with a quota value of SEK ten (10);
6. that subscription for shares in AAK AB by exercise of the subscription warrants may take place during the period from and including 1 September 2020 up to and including 31 August 2022;
7. that the subscription price per share shall correspond to 133 per cent of the volume weighted average price according to Nasdaq Stockholm's official price list for the share in the company during the period from and including 18 May 2017 up to and including 1 June 2017, but not lower than the share's quota value; in the absence of a settled price for any of the days in question, the quoted bid price for that day shall be included in the calculation. A day with

neither a settled price or a quoted bid price shall be excluded from the calculation. The calculated conversion price shall be rounded to the nearest whole cent (*Sw. öretal*), whereby half a cent shall be rounded down;

8. that shares that have been issued by virtue of the subscription warrants, will entitle to dividend for the first time on the first record date for dividend occurring after subscription of shares through exercise of subscription warrants has been executed; and
9. that applicable terms for re-calculation and other terms for the subscription warrants in the Warrants Program series 2017/2022:2 are set forth in the *"Terms and conditions for subscription warrants series 2017/2022:2 regarding subscription of shares in AAK 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 subscription warrants as may be deemed necessary in connection with registration at the Swedish Companies Registration Office (*Sw. Bolagsverket*) and Euroclear Sweden AB.

The reason for the deviation from the shareholders' preferential right are that AAK AB wishes to introduce an incentive program for senior executives and key employees within the group, whereby they will be offered the opportunity to take part in a value increase of the company's share. This is expected to increase the interest in the company's development – as well as in the company's share price development – and to stimulate a continued company loyalty over the forthcoming years. An incentive program is also expected to contribute to the possibilities to recruit and retain competent, motivated and committed employees.

B. Transfer of subscription warrants series 2017/2022:2

The Warrants Program series 2017/2022:2 shall principally be carried out in accordance with what is stated below.

1. The subscription warrants shall towards payment be transferred by AAK Invest AB, on one or several occasions, to senior executives and key employees within the AAK group, in accordance with the guidelines stated below. AAK Invest AB shall otherwise dispose of the subscription warrants for the fulfilment of the obligations under the Warrants Program series 2017/2022:2.
2. Transfer in accordance with item B.1 can be made directly to the participants in the program, or, after approval by the Board of Directors, to a legal entity, pension insurance or other vehicle owned or controlled by the respective participant.
3. Transfer in accordance with item B.1 shall be made at a market value at the time of transfer, which shall be determined by an independent valuation institute in accordance with the Black & Scholes valuation method.
4. The Board of Directors of AAK AB shall be entitled to decide on the allotment of subscription warrants to approximately 100 senior executives and key employees within the group in accordance with the following guidelines:

Category	Position	Number of subscription warrants
I	CEO	70,000
II	Member of group management	50,000
III	Directly reporting to the group management	15,000
IV	Other senior executives and key employees	5,000

The first allotment is expected to take place in summer 2017.

The participants can choose to apply for a lower number of subscription warrants than set out above. If the total number of subscription warrants that the entitled senior executives and key employees wish to acquire exceeds the maximum number of subscription warrants that can be issued, reduction shall be made proportionally to each person's quantity in relation to the guidelines set forth above. There will be no guaranteed allotment. A participant has the right to subscribe for a larger number of warrants than set out in the guidelines above and may be allotted additional warrants corresponding to a maximum of 50 per cent of what is set out in the guidelines above if full subscription in the program has not been made. If such oversubscription is made, allotment shall be made to the oversubscribing participants pro rata in relation to the number of subscription warrants that they have been allotted in the first allotment. Any remaining warrants, which have not been allotted in accordance with the above, shall be reserved for future recruitment of persons within the above eligible categories, whereby the above guidelines for allotment shall be applicable.

Senior executives and key employees who participate in the Incentive Program 2017/2022 may not participate in the Warrants Program series 2017/2022:2, and are thus not entitled to be allotted subscription warrants in accordance with the guidelines above.

Participants in other jurisdictions

For participants in jurisdictions other than Sweden, it is implied that allotment and further transfer, respectively, of the subscription warrants is legally possible and that it, in the Board's opinion, can be carried out with reasonable administrative and financial efforts at their established market value. The Board shall have the right to adjust the terms of the Warrants Program series 2017/2022:2 to the extent required in order for allotment of subscription warrants to participants in other jurisdictions, to the extent practically possible, to be carried out under the same conditions imposed by the Warrants Program series 2017/2022:2.

Dilution, effect on key ratios and costs

At full subscription of the proposed issue of subscription warrants, and full exercise of the subscription warrants, the share capital may be increased by a total of maximum SEK 12,200,000, which is equivalent to approximately 2,9 per cent of the company's present share capital. This corresponds to a total dilution of maximum approximately 2,8 per cent in relation to the share capital on a fully diluted basis, calculated as the number of new shares in proportion to the number of existing and new shares.

Other important key ratios will, at full subscription of the proposed issue and full exercise of all subscription warrants issued in the program, be affected as follows (based on the corresponding key ratios in the year-end report for 2016 and a preliminary valuation of the future capital contribution within the scope of the Warrants Program series 2017/2022:2):

- earnings per share: reduction by SEK 0.66 from SEK 23.71 to SEK 23.05;
- equity per share: increase by SEK 18.15 from SEK 177.87 to SEK 196.02; it being assumed that the warrant holders have exercised the warrants for subscription of new shares by the end of the first quarter 2017.

The above is subject to re-calculations of the subscription warrants in accordance with the customary terms of re-calculation in the complete terms and conditions.

The subscription warrant program is not expected to lead to any considerable costs for the company. Therefore, no measures to secure the program are planned to take place.

Preparation of the proposal

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

Majority requirements

The proposal of the Board of Directors pursuant to item A-B above requires a resolution by the general meeting supported by shareholders representing at least nine-tenths of both the number of votes cast and the shares represented at the general meeting in order to be valid.

Malmö in April 2017
AAK AB (publ)
The Board of Directors