

## **Terms and conditions for convertible bonds issued by Anoto Group AB (publ) 2017/2019**

### **1. Definitions**

In these terms and conditions, the following terms shall have the meanings set forth below.

“**record date for payment**” the fifth banking day prior to the payment day of interest or loan or the banking day closer to the payment day that generally is applied at the Swedish securities market;

“**banking day**” any day in Sweden which is not a Sunday or other public holiday, and which is a day when banks in Sweden are open for normal business;

“**Bank**” means the account-keeping institution that the Company from time to time has appointed to act as the Bank under these terms and conditions;

“**Company**” means Anoto Group AB (publ), reg. no. 556532-3929;

“**Subsidiary**” means a subsidiary (Sw: *dotterföretag*) within the meaning given to that term in the Swedish Companies Act (2005:551);

“**Euroclear**” Euroclear Sweden AB or other central securities depositories according to the Swedish Financial Instruments Accounts Act (1998:1479);

“**conversion**” the exchange of a convertible claim for new shares in the Company, which shares currently have a quota value of SEK 0.02;

“**conversion price**” the price per share at which conversion may take place under these terms and conditions, and which initially equals the amount set forth in Section 6 and can be recalculated in accordance with Section 10;

“**convertible**” a convertible bond issued in accordance with these terms and conditions with a right to conversion to new shares of the Company;

“**convertible holder**” every holder of a convertible;

“**convertible claim**” a claim with the right to conversion in accordance with Chapter 15 of the Swedish Companies Act (2005:551);

“**loan**” the nominal amount of the convertibles held by any holder of convertibles;

“**market listing**” trading of shares in the Company on a regulated market, multilateral trading facility or other organized trading;

“**Event of Default**” shall have the meaning ascribed to it in Section 12;

“**Material Subsidiary**” means, at any time, a Subsidiary of the Company whose gross assets or net sales (excluding intra-group items) then equal or exceed 10 percent of the gross assets or net sales of the Group; and

“**Material Group Member**” means the Company or a Material Subsidiary.

## **2. Loan amount, interest, due date and status**

The total loan amount is maximum SEK 45,000,000.

The loan carries no interest.

The loan shall be repaid in full on 22 July 2019 to the extent that conversion has not yet taken place.

The convertibles constitute direct, unconditional, unsubordinated and (subject to the negative pledge as set forth below) unsecured obligations of the Company, and shall rank *pari passu* amongst themselves and equally with all other unsecured and unsubordinated obligations of the Company.

The Company hereby assumes liability for the loan and undertakes to carry out payments in accordance with these terms and conditions.

## **3. Registration, nominal amount etc.**

The loan shall be registered by Euroclear in a central securities depository register according to the Swedish Financial Instruments Accounts Act (1998:1479), implying that no promissory notes or similar documentation will be prepared. The convertibles’ nominal amount shall be SEK 100,000 or multiples thereof. Convertibles are registered on the convertible holders’ behalf on the Company’s account in the central securities depository register. Registrations of loans as a result of actions under Sections 6, 7, 8, 9, 10 and 16 should be made by the Bank. Other measures of registration relating to the account can be made by the Bank or any other account-keeping institution.

## **4. Negative pledge**

So long as any of the convertibles remain outstanding, the Company will not create or permit to subsist any mortgage, lien, pledge or other charge encumbrance or security interest to secure any present or future indebtedness, in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, and which are, or are capable of being, listed or ordinarily dealt in on any regulated market or other recognized marketplace

## **5. Repayment of loan**

Repayment of the loan is disbursed by Euroclear to any party who, on the record date for payment, is recorded as a convertible holder or as otherwise entitled to receive interest and loan amounts in the Company’s central securities depository register.

If a convertible holder, or a party registered in the Company’s central securities depository register as entitled to receive interest and loan amounts, through an account-keeping

institution has registered to have the interest and loan amounts deposited to a designated bank account, Euroclear shall make the deposit on the due date. Otherwise Euroclear will disburse the loan amount on the due date to the party concerned, at the address registered by Euroclear on the record date for payment. If the due date is on a day which is not a banking day, the loan amount will not be deposited or disbursed until the following banking day.

In the event that Euroclear, because of a delay by the Company or some other obstacle, be unable to repay the loan amount as aforesaid, the loan amount should be disbursed by Euroclear as soon as the obstacle has been removed. The disbursement should be made to the convertible holder or any party registered in the Company's central securities depository register as entitled to receive interest and loan amounts as at the record date for payment.

## **6. Conversion**

Each convertible holder shall have the right to, during the period and in the manner stated in Section 7 below, request conversion of some or all of the convertible holder's convertibles into new shares in the Company at a conversion price of SEK 0.13 per share. Adjustments to the conversion price can be made in the circumstances set forth in Section 10. Upon conversion, the number of new shares in the Company to be issued to a single holder of convertibles is established by dividing the total nominal amount of the convertibles, which the holder wishes to convert, with the then current conversion price. If this amount is not evenly divisible with the conversion price, surplus amounts are cancelled.

Convertible holders shall pay any tax or fee that may be imposed upon the convertible holders in connection with a transfer, possession or conversion of a convertible due to Swedish or foreign legislation or Swedish or foreign government decisions.

## **7. Request for conversion**

Convertible holders are entitled to convert, at any time during the period from and including 11 August 2017 up to and including 1 July 2019 or until such earlier date which may result from the application of Section 10 below, all or part of the loan amount into shares of the Company.

Upon request for conversion, a completed application form in the from time to time established form must be submitted to the Company or an account-keeping institution designated by the Company in respect of registration measures. A request for conversion is binding and cannot be revoked.

## **8. Execution of conversion, registration in the share register etc.**

Conversion is executed by registering the new shares in the Company's share register as interim shares. Following registration at the Swedish Companies Registration Office, the registration at the central securities depository account becomes final. As stated in Section 10 below, the date of such final registration may in certain cases be postponed.

## **9. Dividends following conversion**

New shares issued upon conversion of the convertibles shall entitle the holder thereof to participate in the distribution of dividend for the first time on the record day that occurs immediately following the registration of the new shares in the Company's share register.

**10. Recalculation of conversion price, etc.**

**A.** In the event that the Company carries out a bonus issue, where conversion takes place at such time that it cannot be effected by at least the tenth calendar day prior to the general meeting at which a bonus issue resolution is to be adopted, conversion may be effected only after such general meeting has adopted a resolution thereupon. Shares issued as a consequence of conversion effected following the bonus issue resolution shall be the subject of interim registration on the central securities depository account, and accordingly shall not be entitled to participate in the bonus issue. Final registration on the central securities depository account shall take place after the record date for the bonus issue.

In the case of conversion which is effected following a bonus issue resolution, a recalculated conversion price shall be applied. The recalculation shall be made by the Company based on the following formula:

$$\begin{array}{l} \text{recalculated} \\ \text{conversion} \\ \text{price} \end{array} = \frac{\text{previous conversion price x number of shares prior to the} \\ \text{bonus issue}}{\text{number of shares after the bonus issue}}$$

When recalculating the conversion price in accordance with the above formula, shares held by the Company shall be disregarded. A recalculated conversion price in accordance with the provisions above shall be determined by the Company as soon as possible after the general meeting has adopted a bonus issue resolution but, where applicable, shall be applied after the record date for the bonus issue.

**B.** In the case of a reverse share split or share split in respect of existing shares in the Company, the provisions of subsection A shall apply mutatis mutandis whereupon the record date shall be deemed to be the day on which a reverse share split or share split takes place at Euroclear, upon request by the Company.

**C.** In the case of a new share issue with pre-emption rights for the shareholders to subscribe for new shares in exchange for cash payment or payment by way of set-off, the following shall apply with respect to the right to participate in the new issue by virtue of shares which have been issued as a consequence of conversion:

1. Where a new issue resolution is adopted by the Company’s board of directors subject to approval by the general meeting or pursuant to authorization granted by the general meeting, the resolution shall state the latest date by which conversion must be effected in order for shares which have been issued as a consequence of conversion to carry an entitlement to participate in the new issue. Such date may not be earlier than the tenth calendar day after the resolution.
2. Where the general meeting adopts a new issue resolution, in the event a request for conversion is made at such a time that the conversion cannot be effected by at least the tenth calendar day prior to the general meeting which adopts the new issue resolution, conversion shall only be effected after the Company has established the recalculated conversion price as set forth below

in this subsection C. Shares which have been issued as a consequence of such conversion shall be registration on an interim basis on the central security depository account, and shall not give the convertible holders an entitlement to participate in the new issue.

In the case of conversion which is effected at such time when there is no entitlement to participate in the new issue, a recalculated conversion price shall be applied. The recalculation shall be made by the Company based on the following formula:

$$\begin{array}{l} \text{recalculated} \\ \text{conversion} \\ \text{price} \end{array} = \frac{\begin{array}{l} \text{previous conversion price x the share's average price} \\ \text{during the subscription period established in the resolution} \\ \text{regarding the issue (the share's average price)} \end{array}}{\begin{array}{l} \text{the share's average price increased by the theoretical value} \\ \text{of the subscription right calculated on the basis thereof} \end{array}}$$

The share's average price shall at market listing be deemed to correspond to the average of the calculated mean values, for each trading day during the subscription period, of the highest and lowest transaction prices paid during the day in accordance with the official quotations of the marketplace or other current market quotation. In the absence of any quotation of transaction prices paid, the bid price which is quoted as the closing price shall instead be included in the calculation. Days without quotation of either transaction prices paid or bid prices shall not be included in the calculation.

The theoretical value of the subscription right shall be calculated based on the following formula:

$$\begin{array}{l} \text{value of the} \\ \text{subscription} \\ \text{right} \end{array} = \frac{\begin{array}{l} \text{the maximum number of new shares which may be issued} \\ \text{pursuant to the new issue resolution x (the share's average} \\ \text{price less the subscription price for the new share)} \end{array}}{\begin{array}{l} \text{the number of shares prior to adoption of the new issue} \\ \text{resolution} \end{array}}$$

In the event a negative value is thereupon obtained, the theoretical value of the subscription right shall be set at zero.

When recalculating according to the above formula any shares held by the Company shall be disregarded.

In the event the Company's shares are not market listed, a recalculated conversion price shall be determined by the Company in accordance with the principles set out in this subsection C. The recalculation shall be based upon the principle that the value of the convertibles shall remain unchanged.

A recalculated conversion price in accordance with the provisions above shall be determined by the Company two banking days after the expiry of the subscription period and shall be applied to conversions effected thereafter.

During the period pending determination of a recalculated conversion price, conversion shall be effected only on a preliminary basis, whereupon the number of

shares to which each convertible carries an entitlement to conversion prior to the recalculation shall be registered on an interim basis on the central securities depository account. In addition, it is specifically noted that, following recalculations, each convertible may carry an entitlement to additional shares. Final registration on the central securities depository account shall take place after the recalculation has been determined.

- D.** In the case of an issue of warrants or convertible bonds with pre-emption rights for the shareholders and in exchange for cash payment or payment by way of set-off or, with respect to warrants, without payment, the provisions of subsection C, first paragraph, subparagraphs 1 and 2 regarding the right to participate in a new issue by virtue of shares which have been issued as a consequence of conversion shall apply mutatis mutandis.

In the case of conversion which is effected at such time that there is no entitlement to participate in the new issue, a recalculated conversion price shall be applied. The recalculation shall be made by the Company based on the following formula:

$$\begin{array}{l} \text{recalculated} \\ \text{conversion} \\ \text{price} \end{array} = \begin{array}{l} \text{previous conversion price x the share's average price} \\ \text{during the subscription period established in the resolution} \\ \text{regarding the issue (the share's average price)} \\ \hline \text{the share's average price increased by the value of the} \\ \text{subscription right} \end{array}$$

The share's average price shall be calculated in accordance with subsection C above.

The subscription right's value shall in case of market listing be considered equivalent to the calculated average figure of the highest and lowest transaction prices paid on each trading day during the subscription period, in accordance with the official quotations of the marketplace or other current market quotation. In the absence of any quotation of transaction prices paid, the bid price which is quoted as the closing price shall instead be included in the calculation. Days without quotation of either transaction prices paid or bid prices shall not be included in the calculation.

If the Company's shares or subscription rights are not subject to market listing, a recalculated conversion price shall be determined in accordance with the principles of this subsection D by the Company. The recalculation shall be based upon the principle that the value of the convertibles shall remain unchanged.

A recalculated conversion price in accordance with the provisions above, shall be determined by the Company two banking days after the expiry of the subscription period and shall be applied to conversions effected thereafter.

In respect of conversions which are effected during the period until the recalculated conversion price is determined, the provisions of subsection C, final paragraph above shall apply mutatis mutandis.

- E.** In the event that the Company, in cases other than those specified in subsections A-D above, extends an offer to the shareholders with preferential rights pursuant to the principles set forth in Chapter 13, section 1 of the Swedish Companies Act, to

acquire securities or rights of any kind from the Company, or should the Company resolve, in accordance with the above principles, to distribute such securities or rights to the shareholders without compensation (the offer), a recalculated conversion price shall be applied if conversion is made at such time that the shares thereby received do not carry an entitlement to participate in the offer. The recalculation shall be made by the Company based on the following formula:

$$\begin{array}{l} \text{recalculated} \\ \text{conversion} \\ \text{price} \end{array} = \frac{\begin{array}{l} \text{previous conversion price x the share's average listed} \\ \text{priceduring the application period established in the offer} \\ \text{(the share's average price)} \end{array}}{\begin{array}{l} \text{the share's average price increased by the value of the} \\ \text{right to participate in the offer (the purchase right value)} \end{array}}$$

The share's average price shall be calculated in accordance with subsection C above.

In the event that the shareholders have received purchase rights and trading has taken place in such rights, the value of the right to participate in the offer shall be deemed to correspond to the purchase right value. The purchase right value shall, in this context in case of a market listing, be considered equivalent to the average of the mean value of the highest and lowest transaction prices paid each trading day during the application period, in accordance with the official quotations of the marketplace or other current market quotation. In the absence of any quotation of transaction prices paid, the bid price which is quoted as the closing price shall instead be included in the calculation. Days without quotation of either transaction prices paid or bid prices shall not be included in the calculation.

In the event that the shareholders have not received purchase rights, or trading in purchase rights has otherwise not taken place, the recalculation of the conversion price shall be made applying, as far as possible, the principles stated above in this subsection E, whereby the following shall apply. If a market listing of the securities or the rights offered to the shareholders takes place, the value of the rights to participate in the offer is considered to be equivalent to the average of the calculated mean values, for each trading day during the 25 trading days from the first day of trading, of the highest and lowest transaction prices paid in trade with these securities or rights in accordance with the official quotations of the marketplace or other current market quotation, reduced by any compensation paid in connection with the offer, where applicable. In the absence of any quotation of transaction prices paid, the bid price which is quoted as the closing price shall instead be included in the calculation. If neither transaction prices paid nor bid prices are quoted for one or more specific days, the calculation of the value of rights to participate in the offer shall be disregarded for such days. When the recalculated conversion price is calculated according to this paragraph, the fixed period of application in the offer shall be considered equivalent to the period mentioned above in this paragraph as 25 trading days.

In the event that a market listing of the securities or rights offered to the shareholders does not take place, the value of the rights to participate in the offer, shall, as far as possible, be determined by the change in market value in reference to

the Company's shares that can be considered as having emerged as the result of the offer.

If the Company's shares are not subject to market listing, a recalculated conversion price shall be determined in accordance with the principles of this subsection E by the Company. The recalculation shall be based upon the principle that the value of the convertibles shall remain unchanged.

A recalculated conversion price in accordance with the provisions above, shall be determined by the Company as soon as possible after the expiry of the offer period and shall be applied to conversions effected thereafter.

For conversions executed during the period before the recalculated conversion price has been determined, the provisions of subsection C, final paragraph above, shall apply mutatis mutandis.

- F.** In the case of a new issue of shares, warrants or convertible bonds – with pre-emption rights for the shareholders, in exchange for cash payment or payment by way of set-off or, with respect to warrants, without payment – the Company may decide to grant all convertible holders the same pre-emption rights as granted to the shareholders pursuant to the resolution. Notwithstanding that conversion has not been effected, each convertible holder shall thereupon be deemed to be the owner of the number of shares which the convertible holder would have received had conversion been effected at the conversion price as applicable on the date on which the resolution regarding the issue was adopted.

In the event that the Company resolves to extend to the shareholders such an offer as referred to in subsection E above, the provisions of the preceding paragraph shall apply mutatis mutandis. The number of shares which the convertible holder shall be deemed to own shall thereupon be determined based on the conversion price as applicable on the date on which the resolution regarding the offer was adopted.

In the event that the Company decides to grant the convertible holders pre-emption rights in accordance with the provisions of this subsection F, no recalculation of the conversion price shall be made pursuant to subsections C, D or E.

- G.** In the case of a reduction of the share capital with repayment to the shareholders, a recalculated conversion price shall be applied. The recalculation shall be carried out by the Company based on the following formula:

$$\begin{array}{l} \text{recalculated} \\ \text{conversion} \\ \text{price} \end{array} = \begin{array}{l} \text{previous conversion price x the share's average listed} \\ \text{price during a period of 25 trading days calculated com-} \\ \text{mencing the day on which the share was listed without the} \\ \text{right to participate in the repayment (the share's average} \\ \text{price)} \\ \hline \text{the share's average price increase by the amount repaid} \\ \text{per share} \end{array}$$

The share's average price shall be calculated in accordance with subsection C above.

In making a recalculation pursuant to the above where the reduction takes place through redemption of shares, instead of using the actual amount which is repaid per share a calculated repayment amount shall be used as follows:

$$\begin{array}{l} \text{calculated} \\ \text{repayment} \\ \text{amount per} \\ \text{share} \end{array} = \frac{\begin{array}{l} \text{the actual amount repaid per redeemed share less the} \\ \text{share's average price during a period of 25 trading days} \\ \text{immediately preceding the day on which the share was} \\ \text{listed without the right to participate in the repayment} \\ \text{(the share's average price)} \end{array}}{\begin{array}{l} \text{the number of shares in the Company which form the} \\ \text{basis of redemption of a share less 1} \end{array}}$$

The share's average price shall be calculated in accordance with subsection C above.

The recalculated conversion price shall be determined by the Company two banking days after the expiry of the stated period of 25 trading days and shall be applied to conversions effected thereafter.

In conjunction with conversions which are effected during the period pending determination of a recalculated conversion price, the provisions of subsection C, final paragraph above, shall apply mutatis mutandis.

If the reduction is made against consideration in the form of securities or rights of any kind, the actual amount to be repaid for each share shall be determined by the Company by applying, as far as possible, the principles for valuation of the right to participate in the offer as set out in subsection E above.

In the event that the Company's share capital is to be reduced through redemption of shares with repayment to the shareholders and such reduction is not mandatory (or in the event the Company is to carry out a buyback of its Shares) but where, in the Company's opinion, in light of the technical structure and economic effects thereof the reduction (or buyback) is comparable to a mandatory reduction, a recalculation of the conversion price shall be carried out applying, as far as possible, the principles set out above in this subsection G.

If the Company's shares are not subject to market listing, a recalculated conversion price shall be determined in accordance with the principles of this subsection G by the Company. The recalculation shall be based upon the principle that the value of the convertibles shall remain unchanged.

- H.** In the event of a cash dividend to the shareholders, entailing that the shareholders receive dividends which, together with other dividends paid out during same financial year, exceed SEK 0.01, which in the event conversion is requested at such time that the shares thereby received do not carry an entitlement to receive such dividend, a recalculated conversion price shall be applied. The recalculation shall be based on the part of the total dividend which exceeds SEK 0.01 (extraordinary

dividend). The recalculation shall be carried out by the Company based on the following formula:

$$\text{recalculated conversion price} = \frac{\text{previous conversion price} \times \text{the share's average listed price during a period of 25 trading days calculated commencing the day on which the share was listed without the right to participate in the extraordinary dividend (the share's average price)}}{\text{the share's average price increase by the extraordinary dividend paid out per share}}$$

The share's average price shall be calculated in accordance with subsection C above.

If the Company's shares are not subject to market listing, a recalculated conversion price shall be determined in accordance with the principles of this subsection H by the Company. The recalculation shall be based upon the principle that the value of the convertibles shall remain unchanged.

The recalculated conversion price in accordance with the above shall be determined by the Company two banking days after the expiry of the above stated period of 25 trading days and shall be applied to conversions effected thereafter.

In conjunction with conversions which are effected during the period pending determination of a recalculated conversion price, the provisions of subsection C, final paragraph above, shall apply *mutatis mutandis*.

- I.** In the event that the Company carries out any measure as referred to in A-E, G, H or P and where, in the opinion of the Company, in light of the technical structure of the measure or for any other reason, application of the prescribed recalculation formula cannot take place or results in the financial compensation received by the convertible holders being unreasonable compared with the shareholders, the Company shall carry out the recalculation of the conversion price in such manner as the Company deems appropriate in order to obtain a reasonable result.
- J.** In the determination of a recalculated conversion price, the conversion price shall be rounded off to SEK 0.001, and SEK 0.0005 shall be rounded upwards.
- K.** In the case of liquidation pursuant to Chapter 25 of the Swedish Companies Act, no further conversions may be requested regardless of the reason for liquidation. The right to request conversion lapses simultaneously with the liquidation resolution, irrespective of whether or not the resolution has become legally binding. However, in such case, the convertible holders have a right to claim immediate payment of the nominal amount of their respective convertible claims as well as interest and other amounts accrued up until the day for payment. This right commences, if the liquidation is resolved upon by the general meeting of the shareholders, as per the day after the meeting and, otherwise, as per the day when the resolution regarding liquidation has become legally binding. Within one week of the liquidation resolution, the Company shall remind the convertible holders of their right to claim immediate payment, through a notice as described in Section 15 below.

Not later than one month prior to the general meeting takes place where the shareholders consider the issue of whether the Company shall be placed into voluntary liquidation pursuant to Chapter 25, section 1 of the Swedish Companies Act, the convertible holders shall be given notice thereof in accordance with Section 15 below. The notice shall inform the convertible holders that they may not request conversion after the general meeting has adopted a resolution regarding liquidation.

In the event that the Company gives notice that it is considering entering into voluntary liquidation in accordance with the above, the convertible holders shall be entitled to request conversion commencing the day on which notice is given. However, the aforesaid shall apply only where conversion can be effected not later than the tenth calendar day prior to the general meeting at which the issue of the Company's liquidation is to be addressed.

**L.** In the event of the Company's bankruptcy or where a decision is taken that the Company shall be the subject of a company reorganization order, requests for conversion may not be made.

**M.** In the event that the Company effects a change of the accounting currency, entailing that the Company's share capital shall be established in a currency other than Swedish crowns (SEK), the conversion price shall be recalculated in the same currency as the share capital and be rounded off to two decimals. Such currency recalculation shall take place applying the exchange rate which was used to recalculate the share capital in conjunction with the change in currency.

A recalculated conversion price in accordance with the provision above shall be determined by the Company and shall be applied to conversions effected on and after the day on which the change in the accounting currency takes effect.

**N.** In the event the general meeting approves a merger plan pursuant to Chapter 23, section 15 of the Swedish Companies Act, whereby the Company is to be merged into another company, requests for conversion may not be made thereafter.

Notice of the proposed merger in accordance with Section 15 below must be given to the convertible holders not later than two months prior to the date on which the Company makes a final decision as to whether to approve the merger plan in accordance with the above. The notice must set forth the material terms and conditions of the proposed merger plan and inform the convertible holders that conversions may not take place once a final decision has been made regarding the merger in accordance with the provisions of the preceding paragraph.

In the event that the Company gives notice of a proposed merger in accordance with the above, the convertible holders shall be entitled to request conversion commencing the date on which notice of the proposed merger was given, provided that conversion can be effected not later than the tenth calendar day prior to the date of the general meeting at which the merger plan whereby the Company is to be merged in another company is to be approved.

- O.** The following shall apply if the Company's board of directors prepares a merger plan pursuant to Chapter 23, section 28 of the Swedish Companies Act, whereby the Company is to be merged into another company.

In the event that the Company's board of directors announces its intention to prepare a merger plan pursuant to the statutory provision referred to in the preceding paragraph, in the event the final date for requesting conversion pursuant to Section 7 above lapses after such announcement, the Company shall establish a new final date for requesting conversion (the expiry date). The expiry date shall be a day within 60 days of the announcement

If an announcement has been made in accordance with what has been stated above in this subsection O, the convertible holders shall have a right to request conversion until the expiry date. The Company shall not later than four weeks prior to the expiry date through a notice pursuant to Section 15 remind the convertible holders of such right and that a requests for conversion may not be made after the expiry date.

- P.** In the event that the general meeting approves a demerger plan pursuant to Chapter 24, section 17 of the Swedish Companies Act, whereby the Company shall be demerged through part of the Company's assets and liabilities being assumed by one or more companies, requests for conversion may not be made thereafter.

Notice of the proposed demerger in accordance with Section 15 below must be given to the convertible holders not later than two months prior to the date on which the Company makes a final decision as to whether to approve the demerger. The notice must set forth the material terms and conditions of the proposed demerger plan and inform the convertible holders that conversions may not take place once a final decision has been made regarding the demerger in accordance with the provisions of the preceding paragraph.

If the Company gives notice of a proposed demerger in accordance with the above, the convertible holders shall be entitled to request conversion commencing the date on which notice of the proposed demerger was given, provided that conversion can be effected not later than the tenth calendar day prior to the date of the general meeting at which the demerger is to be approved.

- Q.** Notwithstanding the provisions of K, L, N, O and P that requests for conversion may not be made following a resolution regarding liquidation, bankruptcy, reorganization order or end of expiry date in case of a merger or approval of a demerger plan, the right to request conversion shall be reinstated in the event that the liquidation, bankruptcy, reorganization, merger or demerger is cancelled.

## **11. Certain undertaking by the Company**

The Company undertakes not to take any of the above in Section 10 stated measures which, according to the Company's opinion, would result in a recalculated conversion price that is lower than the share's quota value.

## 12. Event of default

Upon occurrence of any of the events set forth in subsection 1-2 below (each an “**Event of Default**”), convertible holders holding together at least one-third in principal amount of the loan may, at their discretion, terminate the loan in which case the entire unpaid principal amount of the loan shall be immediately due and payable.

1. **Cross Default.** Any financial indebtedness of any of the Material Group Members is (i) not paid when due (after the expiry of any originally applicable grace period) or (ii) is declared to be or otherwise becomes prematurely due and payable as a result of an event of default (however described). No Event of Default will however occur under this subsection 1 if the amount of the relevant financial indebtedness is less than SEK 25 million (or its equivalent in the relevant currency of payment).
2. **Insolvency.** Any of the Material Group Members is (or is deemed for the purpose of any applicable law to be) insolvent or unable to pay its debts as they fall due, suspends or publicly announces its intention to stop or suspend payment of all or a material part of (or of a particular type of) its debts, or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness or a moratorium is declared or comes into effect in respect of or affecting all or any substantial part of (or of a particular type of) the debts of the Company or any of the Material Group Members.

## 13. Limitation period for receiving payments

The right to receive payment of the loan shall lapse ten years after the due date. The right to receive interest shall lapse three years after the due date. If the right to receive payment lapses, funds allocated for lapsed payments shall vest in the Company.

If interruption of the limitation period occurs, a new limitation period of ten years with regard to the loan and three years with regard to interest shall commence, in both cases calculated from the day as set out in the Swedish Limitation Law’s (1981:130) provisions regarding the effect of limitation interruption.

## 14. Trustee

A person who, according to Chapter 5, section 14, of the Swedish Companies Act, is authorized to act on behalf of a convertible holder shall be entitled to be registered on an account as a convertible holder. Such trustee shall be entitled to receive payments of interest and the loan that otherwise would have been disbursed to the convertible holder, and shall also otherwise be considered as a convertible holder in the application of these terms and conditions.

## **15. Notices**

Notices concerning the loan shall be given to each convertible holder and other holder of rights recorded in the Company's central securities depository register, and shall be published on the Company's website. If the loan is subject to market listing, notice shall also be given to the marketplace.

## **16. Amendments to the terms and conditions**

The Company may decide to amend these terms and conditions provided that the convertible holders' rights are not materially deteriorated. The Company may further, without considering any deterioration of the convertible holders' rights, decide to amend these terms and conditions to the extent that any legislation, court decision or public authority decision renders necessary such amendment. Other amendments of these terms and conditions require the consent of convertible holders together representing more than 50 percent of the from time to time outstanding loan amount under the convertibles.

Amendments of these terms and conditions require a decision by the board of directors of the Company.

The Bank is entitled to represent the convertible holders in matters of a formal nature concerning this loan, both in relation to a court or enforcement authority and otherwise, or in relation to the Company.

## **17. Confidentiality**

Neither the Bank, the Company nor Euroclear may, without authorization, disclose information about convertible holders to any third party. The Company shall be entitled to receive information regarding convertible holders and other holders of rights from the central securities depository register kept by Euroclear.

## **18. Limitation of liability**

With respect to the actions and measures incumbent on the Bank, the Company and Euroclear – subject to the provisions of the Financial Instruments Accounts Act (1998:1479) – neither the Bank, the Company nor Euroclear shall be held liable for any loss or damage due to Swedish or foreign legal decrees, action by Swedish or foreign public authorities, acts of war, strikes, blockades, boycotts, lockouts or other similar circumstances. The reservation in respect of strikes, blockades, boycotts and lockouts shall apply even if the Bank, the Company or Euroclear takes or is the object of such actions.

Neither shall the Bank, the Company or Euroclear be obliged to provide compensation for loss or damage arising in other situations if the Bank, the Company or Euroclear has exercised normal prudence. The Bank, the Company and Euroclear shall under no circumstances be liable for indirect damage. If the Bank, the Company or Euroclear is hindered from making payment or taking any other action due to circumstances referred to in the first paragraph, such action may be deferred until the obstacle has ceased to exist.

**19. Governing law and jurisdiction**

These terms and conditions and any legal issues relating thereto shall be governed by Swedish law.

Any dispute arising out of or in connection with these terms and conditions shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The seat of arbitration shall be Stockholm. The language to be used in the arbitral proceedings shall be Swedish.

Arbitrations conducted with reference to this arbitration clause are covered by confidentiality. The confidentiality applies to all information obtained during the proceedings as well as any decision or award given in the proceedings. Information covered by confidentiality may not in any form be forwarded to a third party. If the convertibles are transferred to a third party, such third party shall automatically be bound by this arbitration clause.

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