

*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **The Board of Directors' proposal for resolution on implementation of a long-term incentive program for the proposed board member Kevin Foster**

The Nomination Committee of InCoax Networks AB, Reg. No. 556794-1363 (the "**Company**"), proposes that the annual shareholder's meeting on 30 June 2020 resolves to implement a long-term incentive program for the proposed board member Kevin Foster based on issue of warrants (the "**Warrants Program 2020/2023 II**").

To implement the Warrants Program 2020/2023 II, the Nomination Committee proposes that the annual shareholders' meeting resolves on directed issue of warrants, on the following terms and conditions:

1. A maximum of 200,000 warrants shall be issued within the framework of the Warrants Program 2020/2023 II.
2. With deviation from the shareholders' preferential rights, the right to subscribe for the warrants shall only vest in the proposed board member Kevin Foster, who shall have the right to be allotted all of the warrants in the Warrants Program 2020/2023 II.
3. The Nomination Committee considers that a share-based incentive program is an important part of a competitive remuneration package in order to attract, retain and motivate an internationally qualified board member of the Company and to stimulate the board member to perform his utmost in order to maximize value creation for all shareholders. Therefore, the Nomination Committee considers that the proposed Warrants Program 2020/2023 II will increase Kevin Foster's commitment to the Company's operations, strengthen the loyalty to the Company and be beneficial for the Company as well as its shareholders.
4. Subscription of the warrants shall be made on a separate subscription list on 31 July 2020, at the latest, with a right for the board of directors to prolong this period.
5. Right to subscribe for warrants under the Warrants Program 2020/2023 II requires that Kevin Foster, at the time of subscription, is a board member of the Company.
6. The participant can subscribe for a lower number of warrants compared to what the participant have been offered. Over-subscription cannot occur.
7. The warrants shall be issued to the fair market value of the warrants at the time of subscription, which shall be determined by an independent valuation institute in accordance with the Black & Scholes valuation formula.

8. Payment for the warrants shall be made against cash consideration no later than one week from the time of subscription, with a right for the board of directors to prolong this period.
9. Each warrant entitles the right to subscribe for one new share in the Company for a subscription price per share corresponding to 200 per cent of the volume weighted average price according to Nasdaq First North Growth Market's official price list for shares in the Company during the period from and including 1 July 2020 to and including 15 July 2020. The subscription price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards.
10. Subscription of shares by virtue of the warrants may be effected from and including 1 July 2023 to and including 31 July 2023.
11. A share that has been issued by virtue of a warrant confers the right to dividend the first time on the record date for dividends that occurs immediately following effectuation of subscription to such extent that the share has been recorded in the Company's share ledger as interim share.
12. Applicable terms for re-calculation and other terms and conditions for the warrants are set forth in the enclosed terms and conditions for the warrants 2020/2023 II; **Appendix A**.
13. In case all warrants are exercised for subscription of new shares, the share capital will increase with SEK 50,000.

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#### **Costs, impact on key ratios, dilution and previous incentive programs etc.**

As the warrants in the Warrants Program 2020/2023 II will be issued to the participant at their fair market value, it is the Company's assessment that no social costs will occur for the Company as a result of the Warrants Program 2020/2023 II. The costs related to the Warrants Program 2020/2023 II will hence only be composed of limited costs for implementation and administration of the program.

As per the date of the notice, the number of shares in the Company amounts to 18,294,931.

In case all warrants issued in connection with the Warrants Program 2020/2023 II are exercised for subscription of new shares, a total of 200,000 new shares will be issued, which corresponds to a dilution of approximately 1.08 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 utilization of all warrants issued under the Warrants Program 2020/2023 II. In such a case, the key ratio "Earnings per share" for the full year 2019 had changed in such way that the loss per share had changed from SEK -3.59 to SEK -3.56.

In addition to the Warrants Program 2020/2023 II, the board of directors has proposed that the annual shareholders' meeting on 30 June 2020 resolves to implement a warrants program for certain senior executives and key persons in the Company. In connection with the warrants program, a maximum of 800,000 warrants will be issued. In case all

warrants issued in connection with the warrants program are exercised for subscription of new shares, a total of 800,000 new shares will be issued, which corresponds to a dilution of approximately 4.19 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 utilization of all warrants issued under the warrants program.

Currently, there are incentive programs in the form of four warrants programs outstanding in the Company. In case all incentive programs that are outstanding as well as proposed pursuant to resolution by the annual shareholders' meeting on 30 June 2020 are exercised in full for subscription of shares, a total of 1,439,993 new shares will be issued, which corresponds to a total dilution of approximately 7.30 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 utilization of all outstanding as well as proposed warrants.

The above calculations regarding dilution and impact on key ratios are subject to recalculation of the warrants in accordance with the customary recalculation terms set out in the complete terms and conditions for the warrants.

### **Preparation of the proposal**

The proposal for the Warrants Program 2020/2023 II has been prepared by the Nomination Committee in consultation with external consultants.

### **Majority requirements**

The Nomination Committee's proposal to implement the Warrants Program 2020/2023 II 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 representing at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

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The Company's chairman of the board of directors, 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 or Euroclear Sweden AB.

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Gävle in May 2020

The Nomination Committee of InCoax Networks AB (publ)

## Appendix A

### TERMS AND CONDITIONS FOR WARRANTS 2020/2023 II IN INCOAX NETWORKS AB

#### 1. Definitions

In these terms and conditions:

“the bank”	means the bank or account keeping institute retained by the company from time to time to manage certain tasks pursuant to, or provided for by, these terms and conditions.
“banking day”	means a day that is not a Saturday, Sunday or another public holiday in Sweden, or which as regards the payment of promissory notes is not equated with a public holiday in Sweden.
“the company”	means InCoax Networks AB, Reg. No. 556794-1363.
“the Companies Act”	means the Swedish Companies Act ( <i>Sw.</i> aktiebolagslagen (2005:551)).
“Euroclear”	means the Swedish central securities depository Euroclear Sweden AB or any other central securities depository according to Act on Account Keeping of Financial Instruments ( <i>Sw.</i> lagen (1998:1479) om värdepapperscentraler och konföring av finansiella instrument).
“market quotation”	means, in relation to any shares, securities or other rights, that the relevant shares, securities or rights are listed on a stock exchange, trading platform, authorised market place, regulated market or a similar market place.
“securities account”	means a securities account ( <i>Sw.</i> värdepapperskonto (‘avstämningskonto’)) with Euroclear on which the respective warrant holder’s holdings of warrants are registered or, as the case may be, shares in the company issued pursuant to subscription are to be registered.
“subscription”	means subscription, upon exercise of warrants, for new shares in the company in exchange for cash payment in accordance with these terms

	and conditions.
“subscription period”	means the period during which subscription can be made according to these terms and conditions.
“subscription price”	means the price at which subscription can be effected according to these terms and conditions.
“warrant”	means a right to subscribe for new shares in the company in exchange for cash payment in accordance with these terms and conditions.
“warrant holder”	means the holder of a warrant.

## 2. Number of warrants, registration etc.

The number of warrants shall not exceed 200,000.

The warrants shall be registered by Euroclear in a securities register pursuant to the Swedish Act on Account Keeping of Financial Instruments (*Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*), thus, no physical warrant certificates will be issued, or, if the board of directors so resolves, be represented by warrant certificates issued to a certain person.

If the warrants are registered in a securities register, the warrants will be registered on behalf of the warrant holders on their respective securities accounts. Registrations relating to the warrants in connection with measures pursuant to Clauses 6, 8 or 11 below will be effected by the bank. A warrant holder’s request for other registration shall be made to the account keeping institute with which the warrant holder has opened its securities account.

The company undertakes to effectuate subscription in accordance with these terms and conditions.

## 3. Right to subscribe for new shares

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the company at a subscription price per share which corresponds to 200 per cent of the volume weighted average price according to Nasdaq First North Growth Market’s official price list for shares in the company during the period as from 1 July 2020 to and including 15 July 2020. The subscription price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards.

The subscription price as well as the number of shares that each warrant confers right to subscribe for can be subject to adjustment in accordance with the provisions of Clause 8 below. If the application of these provisions should result in a subscription price lower than the quotient value at that time of the then out-

standing shares, the subscription price shall instead equal the quotient value at that time of the then outstanding shares.

#### **4. Subscription**

Subscription can only be made during the time period as from 1 July 2023 up to and including 31 July 2023.

The subscription period can be brought forward or postponed in accordance with the provisions of Clause 8 below.

Subscription may only be made for the whole number of shares that the total number of warrants, which are exercised by the same warrant holder at one and the same time, confer the right to subscribe for.

Subscription is made by submitting an application form (subscription list) in the form stipulated and provided by the company and the bank, duly completed and signed, to the bank at the address specified in the application form.

Should such application form (subscription list) not have been received by the bank within the subscription period, the warrants shall lapse.

Subscription is binding and may not be revoked.

#### **5. Payment**

Payment for the number of shares for which the subscription relates shall be made simultaneously with the subscription. The payment shall be made in cash to the bank account specified in the application form (subscription list).

#### **6. Effectuation of subscription**

Subscription is effected once subscription and payment has been made in accordance with Clauses 4 and 5 above. Any fractions of warrants that may not be exercised for subscription pursuant to the third paragraph of Clause 4 above will then be disregarded. Such fractions shall lapse upon subscription.

Subscription is effected through a resolution of the board of directors of the company to allot the new shares to the warrant holder, where after the new shares are recorded in the company's share ledger (which is kept by Euroclear) and on the warrant holder's securities account as interim shares. Following completion of registration with the Swedish Companies Registration Office (*Sw. Bolagsverket*), the recordings of the new shares in the share ledger and on the securities account become final.

As stated in Clause 8 below, subscription may in certain cases be effected only after a certain date, and with the application of a recalculated subscription price and a recalculated number of shares that each warrant confers the right to subscribe for.

**7. Dividends on new shares**

A share issued after subscription confers the right to dividend the first time on the record date for dividends that occurs immediately following effectuation of subscription to such extent that the share has been recorded in the company's share ledger as interim share.

**8. Recalculation of subscription price and number of shares, etc.**

**8.1 Bonus issue**

If the company effects a bonus issue, subscription made at such date that it can not be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the bonus issue at the latest shall be effected after the resolution on the issue of the shareholders' meeting.

Shares issued pursuant to subscription effected after the issue resolution do not confer the right to participate in the bonus issue.

If the bonus issue is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers the right to subscribe for shall apply to subscription effected after the issue resolution. The recalculations shall be made by the company in accordance with the following formulas:

*(recalculated subscription price) = (previous subscription price) x (the number of shares in the company prior to the bonus issue) / (the number of shares in the company after the bonus issue)*

*(recalculated number of shares that each warrant confers right to subscribe for) = (the previous number of shares that each warrant confers right to subscribe for) x (the number of shares in the company after the bonus issue) / (the number of shares in the company prior to the bonus issue)*

When recalculation shall be made as mentioned above, the recalculated subscription price and the recalculated number of shares that each warrant confers the right to subscribe for shall be fixed by the company two banking days after the issue resolution at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the record date of the bonus issue. Prior thereto, such shares are recorded only provisionally in the share ledger and on securities accounts and do not confer the right to participate in the bonus issue.

**8.2 Consolidation or split-up**

If the company effects a consolidation or split-up of its shares, subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to con-

sider the consolidation or split-up at the latest shall be effected after the resolution on the consolidation or split-up of the shareholders' meeting.

Shares issued pursuant to subscription effected after the consolidation or split-up resolution are not affected by the consolidation or split-up.

If the consolidation or split-up is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers the right to subscribe for shall apply to subscription effected after the consolidation or split-up resolution. The recalculations shall be made by the company in accordance with the following formulas:

$$\text{(recalculated subscription price)} = \text{(previous subscription price)} \times \text{(the number of shares in the company prior to the consolidation or split-up)} / \text{(the number of shares in the company after the consolidation or split-up)}$$
$$\text{(recalculated number of shares that each warrant confers right to subscribe for)} = \text{(the previous number of shares that each warrant confers right to subscribe for)} \times \text{(the number of shares in the company after the consolidation or split-up)} / \text{(the number of shares in the company prior to the consolidation or split-up)}$$

When recalculation shall be made as mentioned above, the recalculated subscription price and the recalculated number of shares that each warrant the confers right to subscribe for shall be fixed by the company at the latest two banking days after the consolidation or split-up resolution, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the consolidation or split-up having been registered with Euroclear. Prior thereto, such shares are recorded only provisionally in the share ledger and on securities accounts and are not affected by the consolidation or split-up.

### 8.3 New issue of shares

If the company effects a new issue of shares with preferential rights for the shareholders to subscribe for the new shares against cash payment or payment by way of set-off, the following shall apply as regards effectuation of subscription and the right to participate in the issue conferred by shares issued pursuant to subscription:

- (a) If the issue is resolved by the board of directors subject to the approval of the shareholders' meeting or pursuant to prior authorisation by the shareholders' meeting, then the latest date on which subscription shall have been effected in order for a share issued pursuant to subscription to confer the right to participate in the issue shall be stated in the issue resolution. Subscription made at such date that it can not be effected to such extent that shares issued pursuant to the subscription can be recorded as interim

shares in the company's share ledger at the latest on the said date shall be effected after that date.

Shares issued pursuant to subscription effected after the above-mentioned date do not confer the right to participate in the new issue.

- (b) If the issue is resolved by the shareholders' meeting, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger at the latest on the tenth calendar day prior to the shareholders' meeting to consider the issue shall be effected after the resolution on the issue of the shareholders' meeting.

Shares issued pursuant to subscription effected after the issue resolution do not confer the right to participate in the new issue.

If the new issue is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to participate in the new issue. The recalculations shall be made by the company in accordance with the following formulas:

$$\text{(recalculated subscription price)} = \text{(previous subscription price)} \times \text{(the average market price of the share during the subscription period fixed pursuant to the issue resolution ("the average share price"))} / \text{((the average share price) + (the theoretical value of the subscription right ("the value of the subscription right")))$$
$$\text{(recalculated number of shares that each warrant confers right to subscribe for)} = \text{(the previous number of shares that each warrant confers right to subscribe for)} \times \text{((the average price of the share) + (the value of the subscription right))} / \text{(the average share price)}$$

The average share price shall be deemed to equal the average of the mean of the highest and lowest prices paid for the share each trading day during the subscription period fixed pursuant to the issue resolution according to the exchange list on which the share is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

The value of the subscription right shall be calculated in accordance with the following formula, provided that the value of the subscription right shall be deemed to be zero if the resulting value is negative:

*(the value of the subscription right) = (the maximum number of new shares that can be issued according to the issue resolution) x ((the average share price) – (the subscription price for each new share)) / (the number of shares in the company prior to the new issue)*

When recalculation shall be made as mentioned above, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the subscription period fixed pursuant to the issue resolution at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to participate in the issue.

#### **8.4 Issue of warrants or convertibles**

If the company effects an issue of warrants (share options) or convertibles with preferential rights for the shareholders to subscribe for such warrants or convertibles against cash payment or payment by way of set-off or, as regards warrants, without payment, the provisions of (a) and (b) of the first paragraph of Clause 8.3 above shall apply analogously as regards effectuation of subscription and the right to participate in the issue conferred by shares issued pursuant to subscription.

If the issue is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to participate in the issue. The recalculations shall be made by the company in accordance with the following formulas:

*(recalculated subscription price) = (previous subscription price) x (the average market price of the share during the subscription period fixed pursuant to the issue resolution (“the average share price”)) / ((the average share price) + (the theoretical value of the subscription right (“the value of the subscription right”)))*

*(recalculated number of shares that each warrant confers right to subscribe for) = (the previous number of shares that each warrant confers right to subscribe for) x ((the average share price) + (the value of the subscription right)) / (the average share price)*

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

If the subscription right is subject to market quotation, the value of the subscription right shall be deemed to equal the average of the mean of the highest and lowest prices paid for the subscription right each trading day during the subscription period fixed pursuant to the issue resolution according to the exchange list on which the subscription right is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the subscription right is not subject to market quotation, the value of the subscription right shall be determined based upon the change in the market value of the company's shares which may be deemed to have occurred as a consequence of the issue.

When recalculation shall be made as above-mentioned, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the subscription period fixed pursuant to the issue resolution at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to participate in the issue.

#### **8.5 Certain other offers to the shareholders**

If the company in other cases than those contemplated by Clauses 8.1–8.4 above (i) effects an offer to the shareholders, with preferential rights for the shareholders according to the principles of Chap. 13 Sec. 1 paragraph 1 of the Companies Act, to purchase any securities or rights from the company, or (ii) distributes to the shareholders, pursuant to such preferential right, any such securities or rights, (in both cases “the offer”), the provisions of (a) and (b) of the first paragraph of Clause 8.3 shall apply analogously as regards effectuation of subscription and the right to participate in the offer conferred by shares issued pursuant to subscription.

If the offer is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to participate in the offer. The recalculations shall be made by the company in accordance with the following formulas:

*(recalculated subscription price) = (previous subscription price) x (the average market price of the share during the acceptance period of the offer or, in case of distribution, during the period of 25 trading days starting on the day on which the share is quoted without right to any part of the distribution (“the average share price”)) / ((the average share price) + (the theoretical value of the right to participate in the offer (“the value of the purchase right”)))*

*(recalculated number of shares that each warrant confers right to subscribe for) = (the previous number of shares that each warrant confers right to subscribe for) x ((the average share price) + (the value of the purchase right)) / (the average share price)*

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

If the shareholders receive purchase rights and these are subject to market quotation, the value of the purchase right shall be deemed to equal the average of the mean of the highest and lowest prices paid for the purchase right each trading day during the acceptance period of the offer according to the exchange list on which the purchase right is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the shareholders do not receive any purchase rights, or if the purchase rights are not subject to market quotation, but the securities or rights being the subject of the offer either are already subject to market quotation or become subject to market quotation in connection with the offer, the value of the purchase right shall be deemed to equal (i) if the securities or rights are already subject to market quotation, the average of the mean of the highest and lowest prices paid for such security or right each trading day during the acceptance period of the offer or, in case of distribution, during the period of 25 trading days starting on the day on which the share is quoted without right to any part of the distribution according to the exchange list on which the security or right is primarily quoted, less any consideration payable for them in connection with the offer, or (ii) if the securities or rights become subject to market quotation in connection with the offer, the average of the mean of the highest and lowest prices paid for such security or right each trading day during the period of 25 trading days starting on the first day of such market quotation according to the exchange list on which the security or right is primarily quoted, when applicable, reduced with the consideration paid for these in connection with the offer. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. When the value of the purchase right shall be determined pursuant to (ii) of this paragraph, then in the recalculation of the subscription price and the number of shares that each warrant confers right to subscribe for in ac-

cordance with the above formulas the average share price shall relate to the 25-trading day period mentioned in (ii) of this paragraph instead of the period mentioned in the above formulas.

If the shareholders do not receive any purchase rights, or if the purchase rights are not subject to market quotation, and the securities or rights being the subject of the offer neither already are subject to market quotation nor become subject to market quotation in connection with the offer, the value of the purchase right shall to the extent possible be determined based upon the change in the market value of the company's shares which may be deemed to have occurred as a consequence of the offer.

When recalculation shall be made as mentioned above, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the period during which the average share price shall be calculated for the above recalculations at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to participate in the offer.

#### **8.6 Equal treatment of warrant holders and shareholders**

If the company effects a measure contemplated by Clauses 8.3–8.5 above, the company may, in its sole discretion, offer all the warrant holders the same preferential right as the shareholders to participate in the issue or offer. In such a case, notwithstanding that subscription has not been made or effected, each warrant holder shall be deemed to be the owner of such number of shares as the warrant holder would have received if subscription would have been made and effected according to the subscription price and the number of shares that each warrant confers right to subscribe for that would have applied if subscription would have been effected at such date, that shares issued pursuant to such subscription would have conferred right to participate in the relevant issue or offer.

If the company offers the warrant holders preferential right according to the previous paragraph, no recalculation of the subscription price or the number of shares that each warrant confers right to subscribe for shall be made pursuant to Clauses 8.3–8.5 above or Clause 8.9 below in connection with the issue or offer.

#### **8.7 Dividend**

If the company pays cash dividends to the shareholders, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant

to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the dividends at the latest shall be effected after the resolution on the dividends of the shareholders' meeting.

Shares issued pursuant to subscription effected after the dividend resolution do not confer right to receive any part of the dividend.

If the payment of the dividends is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to receive any part of the dividends. The recalculations shall be made by the company in accordance with the following formulas:

$$\begin{aligned} \text{(recalculated subscription price)} &= \text{(previous subscription price)} \times \text{(the average market price of the share during the period of 25 trading days starting on the day on which the share is quoted without right to the dividend ("the average share price"))} / ((\text{the average share price}) + \text{(the dividend paid per share)}) \\ \text{(recalculated number of shares that each warrant confers right to subscribe for)} &= \text{(the previous number of shares that each warrant confers right to subscribe for)} \times ((\text{the average share price}) + \text{(the dividend paid per share)}) / \text{(the average share price)} \end{aligned}$$

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

When recalculation shall be made as above-mentioned, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the above-mentioned 25-trading day period at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to participate in the offer.

#### **8.8 Reduction of the share capital etc.**

If the company effects a reduction of its share capital with repayment to the shareholders (with or without redemption of shares), and such reduction is compulsory, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the

shareholders' meeting to consider the reduction at the latest shall be effected only after the resolution on the reduction of the shareholders' meeting.

Shares issued pursuant to subscription effected after the reduction resolution do not confer right to receive any part of the repayment and are not affected by the redemption (if any).

If the reduction is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected after the reduction resolution. The recalculations shall be made by the company in accordance with the following formulas:

$$\text{(recalculated subscription price)} = \text{(previous subscription price)} \times \text{(the average market price of the share during the period of 25 trading days starting on the day on which the share is quoted without right to repayment ("the average share price"))} / ((\text{the average share price}) + \text{(the actual amount repaid per share)})$$
$$\text{(recalculated number of shares that each warrant confers right to subscribe for)} = \text{(the previous number of shares that each warrant confers right to subscribe for)} \times ((\text{the average share price}) + \text{(the actual amount repaid per share)}) / \text{(the average share price)}$$

If the reduction is carried out through redemption of shares, then instead of using the actual amount repaid per share in the above-mentioned recalculation of the subscription price and the number of shares each warrant confers right to subscribe for, a calculated amount repaid per share determined as follows shall be applied:

$$\text{(calculated amount repaid per share)} = ((\text{the actual amount repaid per share}) - \text{(the average market price of the share during the period of 25 trading days immediately preceding the day on which the share is quoted without right to participate in the reduction ("the average share price"))} / ((\text{the number of shares in the company which entitle to the reduction of one share}) - 1)$$

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

When recalculation shall be made as above-mentioned, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the latest 25-trading days period applicable for the above recalculations to occur at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities

accounts, together with a note that the number of shares so provisionally registered may be increased upon final registration, and do not confer right to receive any amount of the repayment nor affected by the redemption (if any).

If the company effects (i) a reduction of its share capital with repayment to the shareholders through redemption of shares, and such reduction is not compulsory, or (ii) a re-purchase of shares in the company (without effecting a reduction of its share capital), and where, in the opinion of the company, such reduction or re-purchase due to its technical structure and financial effects is equivalent to a compulsory reduction, the above provisions in this Clause 8.8 shall apply and a recalculation of the subscription price and the number of shares to which each warrant confers right to subscribe for shall be made, to the extent possible, in accordance with the principles set forth in this Clause 8.8.

### **8.9 Recalculations if the company's shares are not subject to market quotation**

8.9.1 If the company effects a measure contemplated by Clauses 8.3–8.5, 8.7 or 8.8 above or Clause 8.14 below and none of the company's shares are subject to market quotation at the time of such measure, the said provisions shall apply, provided that the recalculation of the subscription price and number of shares that each warrant confers right to subscribe for shall be made at the company's sole discretion by the company, to the extent possible, in accordance with the principles set forth in such Clause 8.3–8.5 or 8.8 above or 8.14 as is applicable and based on the assumption that the value of the warrants shall be left unchanged.

8.9.2 If none of the company's shares are subject to market quotation, the following shall apply instead of the provisions of Clause 8.7 above. If the company pays cash dividends to the shareholders in an amount that, together with other cash dividends paid during the same financial year, exceeds fifty percent of the company's profit after tax according to its adopted income statement or, when applicable, consolidated income statement for the financial year immediately preceding the year in which the resolution to pay the dividend was adopted, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the dividends at the latest shall be effected after the resolution on the dividends of the shareholders' meeting.

Shares issued pursuant to subscription effected after the dividend resolution do not confer right to receive any part of the dividend.

If the payment of the dividends is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected at such date, that shares issued pursuant to such subscription do not confer right to receive any part of the dividends. The recalculations shall be based on the part of the total cash dividends per share which in aggregate exceeds fifty percent of the company's above-mentioned profits after tax (the "extraordinary dividend") and shall be made at the company's

sole discretion by the company, to the extent possible, in accordance with the principles set forth in such Clause 8.7 above and based on the assumption that the value of the warrants shall be left unchanged.

**8.10 Alternative recalculation method**

If the company effects any measure contemplated by Clauses 8.1– 8.5 or 8.7 – 8.8 above or Clause 8.14 below and if, in the company’s opinion, application of the recalculation formulas established for such measure, taking into account the technical framework of such measure or other reasons, could not be made or would result in the warrant holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the company shall make the recalculation of the subscription price and the number of shares to which each warrant confers right to subscribe for in such a manner as the company determines is appropriate to ensure that the recalculation gives a reasonable result.

**8.11 Rounding off**

In the recalculation of the subscription price and the number of shares that each warrant confers right to subscribe for in accordance with this Clause 8, the subscription price shall be rounded to the nearest whole one-hundred of a Swedish krona (SEK 0.01) where any SEK 0.005 shall be rounded upwards, and the number of shares shall be rounded to two decimals.

**8.12 Compulsory acquisition**

If shares in the company become subject to compulsory acquisition proceedings, the right to subscribe and to have subscription effected is regulated by the provisions of Chap. 22 of the Companies Act.

**8.13 Merger**

If (i) the shareholders’ meeting resolves to approve a merger plan pursuant to which the company shall dissolve into another company or (ii) the board of directors of the company resolves that the company shall dissolve into its parent company, no subscription may thereafter be made or effected. The right to subscribe and the obligation to effect subscriptions ceases with the resolution of the shareholders’ meeting or with the resolution of the board of directors, as applicable.

If the merger is not carried through, subscription may again be made and effected in accordance with these terms and conditions.

No later than 60 calendar days prior to the shareholders’ meeting to consider the approval of a merger plan or the board meeting to consider the company’s dissolution into its parent company, as appropriate, the warrant holders shall be notified of the contemplated merger. The notice shall contain a reminder of that no subscription may be made or effected after that the shareholders’ meeting having resolved to approve the merger plan or the board of directors having resolved that the company shall dissolve into its parent company, as appropriate, and also

a reminder of that the subscription period is brought forward in accordance with the first paragraph below.

Notwithstanding the provisions in Clause 4 above concerning subscription period, the warrant holders have the right to subscribe and to have subscriptions effected from the date of the notice referred to in the previous paragraph, provided that such subscription can be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger no later than the day before the shareholders' meeting to consider the approval of the merger plan or the board meeting to consider the company's dissolution into its parent company, as appropriate.

#### **8.14 De-merger**

8.14.1 If the shareholders' meeting resolves to approve a de-merger plan pursuant to which the company shall be divided through transfer of only certain of the company's assets and liabilities to one or several other companies, then subscription made at such date that it cannot be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger on the tenth calendar day prior to the shareholders' meeting to consider the approval of the de-merger plan at the latest shall be effected after the resolution on the approval of the de-merger plan of the shareholders' meeting.

Shares issued pursuant to subscription effected after the resolution on the approval of the de-merger plan do not confer right to receive any part of the de-merger contribution.

If the de-merger plan is completed, a recalculated subscription price and a recalculated number of shares that each warrant confers right to subscribe for shall apply to subscription effected after the resolution on the approval of the de-merger plan. The recalculations shall be made by the company in accordance with the following formulas:

$$\text{(recalculated subscription price)} = \text{(previous subscription price)} \times \left( \frac{\text{(the average market price of the share during the period of 25 trading days starting on the day on which the share is quoted without right to de-merger consideration ("the average share price"))}}{\text{(the average share price)} + \text{(the value of the de-merger consideration paid per share)}} \right)$$
$$\text{(recalculated number of shares that each warrant confers right to subscribe for)} = \text{(the previous number of shares that each warrant confers right to subscribe for)} \times \left( \frac{\text{(the average share price)} + \text{(the value of the de-merger consideration paid per share)}}{\text{(the average share price)}} \right)$$

The average share price shall be calculated with analogous application of the provisions of Clause 8.3 above.

To the extent the de-merger consideration consists of shares or other securities that are subject to market quotation in connection with the de-merger, the value

of the de-merger consideration shall be deemed to equal the average of the mean of the highest and lowest prices paid for such shares or other securities each trading day during the above-mentioned 25-trading day period according to the exchange list on which such shares or others securities are primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

To the extent the de-merger consideration consists of shares or other securities that are not subject to market quotation, but such shares or other securities become subject to market quotation in connection with the de-merger, the value of the de-merger consideration shall be deemed to equal the average of the mean of the highest and lowest prices paid for such shares or other security each trading day during the 25-trading day period starting on the first day of such market quotation according to the exchange list on which the share or other security is primarily quoted. In the absence of quoted price paid, the quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. When the value of any portion of the de-merger consideration shall be determined pursuant to this paragraph, then in the recalculation of the subscription price and the number of shares that each warrant confers right to subscribe for in accordance with the above formulas the average share price shall relate to the 25-trading day period mentioned in this paragraph instead of the period mentioned in the above formulas.

To the extent the de-merger consideration consists of shares or other securities that are not subject to market quotation, and these shares or other securities do not become subject to market quotation in connection with the de-merger, the value of the de-merger consideration shall to the extent possible be determined based upon the change in the market value of the company's shares which, according to an independent valuer retained by the company, may be deemed to have occurred as a consequence of the de-merger.

When recalculation shall be made as above-mentioned, the recalculated subscription price and the recalculated number of shares that each warrant confers right to subscribe for shall be fixed by the company two banking days after the expiry of the 25-trading day period during which the average market price of the share shall be calculated for the above recalculations at the latest, and final registration in the share ledger and on securities accounts of shares issued pursuant to subscription will be made after the recalculations having been fixed. Prior thereto, subscription is effected only provisionally – with application of the subscription price and the number of shares that each warrant confers right to subscribe for applicable prior to the recalculations – and the shares are recorded only provisionally in the share ledger and on securities accounts, together with a note that the number of shares so provisionally registered may be increased upon final reg-

istration, and do not confer right to receive any part of the de-merger consideration.

- 8.14.2 If the shareholders' meeting resolves to approve a de-merger plan pursuant to which the company shall be divided through transfer of all of the company's assets and liabilities to two or more other companies, no subscription may thereafter be made or effected. The right to subscribe and the obligation to effect subscriptions ceases with the resolution of the shareholders' meeting.

If the de-merger is not carried through, subscription may again be made and effected in accordance with these terms and conditions.

No later than 60 calendar days prior to the shareholders' meeting to consider the approval of a de-merger plan, the warrant holders shall be notified of the contemplated de-merger. The notice shall contain a reminder of that no subscription may be made or effected after that the shareholders' meeting having resolved to approve the de-merger plan and also a reminder of that the subscription period is brought forward in accordance with the first paragraph below.

Notwithstanding the provisions in Clause 4 above concerning subscription period, the warrant holders have the right to subscribe and to have subscription effected from the date of the above-mentioned notice, provided that such subscription can be effected to such extent that shares issued pursuant to the subscription can be recorded as interim shares in the company's share ledger no later than the day before the shareholders' meeting to consider the approval of the de-merger plan.

## **8.15 Winding-up**

If it is resolved that the company shall be wound-up, no subscription may thereafter be made or effected. The right to subscribe and the obligation to effect subscription ceases with the winding-up resolution, regardless of the grounds for the resolution and whether the same shall have gained legal force.

If the winding-up is not carried through, subscription may again be made and effected in accordance with these terms and conditions.

No later than 30 calendar days prior to the shareholders' meeting to consider a voluntary winding-up pursuant to Chap. 25 Sec. 1 of the Companies Act, the warrant holders shall be notified of the contemplated winding-up. The notice shall contain a reminder of that no subscription may be made or effected after that the shareholders' meeting having resolved that the company shall be wound-up and also a reminder of that the subscription period is brought forward in accordance with the first paragraph below.

Notwithstanding the provisions in Clause 4 above concerning subscription period, the warrant holders have the right to subscribe and to have subscriptions effected from the date of the above-mentioned notice, provided that such subscription can be effected to such extent that shares issued pursuant to the subscription

can be recorded as interim shares in the company's share ledger no later than the day before the shareholders' meeting to consider the winding-up.

#### **8.16 Bankruptcy**

If a court of law declares the company bankrupt, no subscription may thereafter be made or effected. The right to subscribe and the obligation to effect subscription ceases with the bankruptcy order, regardless of the grounds for the order and whether the same shall have gained legal force.

If the bankruptcy order is revoked, subscription may again be made and effected in accordance with these terms and conditions.

#### **9. Nominee**

If a warrant is registered with a nominee pursuant to Chap. 5 Sec. 14 of the Companies Act, such nominee shall be regarded as the warrant holder upon application of these terms and conditions.

#### **10. Notices**

Notices concerning the warrants shall be sent by e-mail or regular mail to each warrant holder under its for the company's last known e-mail address and mailing address.

Warrant holders are required to register their name and valid e-mail address and mailing address to the company.

#### **11. Variation**

The company shall be entitled to vary these terms and conditions to the extent required by legislation, decisions of courts of law or authorities, or if it otherwise, in the opinion of the company, is deemed necessary or expedient for practical reasons and provided that the rights of the warrant holders are in no way prejudiced. The warrant holders shall, without undue delay, be notified of the resolved changes.

#### **12. Confidentiality**

None of the company, the bank and Euroclear may without necessary authorisation disclose information regarding the warrant holders to any third party.

The company is entitled to transparency in securities register at Euroclear regarding the warrants, whereas i.a. it is stated who is registered for warrants, personal or other identification number, postal address and the number of warrants.

#### **13. Limitation of liability**

With respect to the actions incumbent on the company, the bank or Euroclear, none of the company, the bank and Euroclear – in the case of Euroclear, subject to the provisions of the Swedish Act on Account Keeping of Financial Instruments – shall be held liable for damage arising as a result of Swedish or foreign legislation, any action of a Swedish or foreign authority, acts of war, strikes,

blockades, boycotts, lockouts, or similar circumstances. The exemption in respect of strikes, blockades, boycotts and lockouts applies also in cases where the company, the bank or Euroclear itself takes or is the subject of such measure or conflict.

Nor shall the company, the bank or Euroclear be liable for damage arising in other cases if the company, the bank or Euroclear, as appropriate, has exercised normal caution. In addition, under no circumstances shall the company or the bank be held liable for any indirect damage.

If the company, the bank or Euroclear is hindered from taking any measure due to a circumstance referred to in the first paragraph, the taking of such measure may be postponed until such hinder no longer exists.

**14. Language**

In the event of any discrepancy between the English and Swedish language versions of these terms and conditions, the Swedish language version shall prevail.

**15. Dispute resolution and applicable law**

Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or any legal issues relating thereto, shall be settled by the ordinary courts of Sweden with the District Court of Stockholm (*Sw.* Stockholms tingsrätt) as the court of first instance.

These terms and conditions and thereto related legal issues shall be governed by and construed in accordance with Swedish law.

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