

*This prospectus was approved by the Swedish Financial Supervisory Authority on 10 February 2022. The validity of this prospectus will expire within twelve (12) months after the date of its approval. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this prospectus is no longer valid.*

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**FINGERPRINTS**

# **Fingerprint Cards AB (publ)**

**PROSPECTUS REGARDING THE ADMISSION TO TRADING OF**

**SEK 300,000,000**

**SENIOR SECURED CALLABLE FLOATING RATE BONDS**

**2021/2024**

**ISIN: SE0017071855**

**10 February 2022**

# IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by Fingerprint Cards AB (publ), Swedish reg. no. 556154-2381 (“**Fingerprints**”, the “**Company**” or the “**Issuer**” or together with its direct and indirect subsidiaries, unless otherwise indicated by the context, the “**Group**”), in relation to the application for admission to trading of the Issuer’s SEK 300,000,000 senior secured callable floating rate bonds 2021/2024 with ISIN SE0017071855 (the “**Bonds**”), issued under a framework of SEK 500,000,000, of which 300,000,000 was issued on 23 December 2021 (the “**Issue Date**”), in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**” and the “**Bond Issue**”, respectively), on the corporate bond list on Nasdaq Stockholm Aktiebolag (“**Nasdaq Stockholm**”). Concepts and terms defined in Section “*Terms and Conditions for the Bonds*” are used with the same meaning throughout the entire Prospectus unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus. The Issuer may at one or more occasions after the Issue Date issue Subsequent Bonds under the Terms and Conditions, until the total amount under such Subsequent Bond Issue(s) and the Bond Issues equals SEK 500,000,000. Only Bonds that have been issued as of the date of approval of the Prospectus may be admitted to trading based on the Prospectus.

This Prospectus has been prepared by the Company and approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) pursuant to Chapter II and Article 20 in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). Furthermore, Annexes 7 and 15 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, form the basis for the content of this Prospectus. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of admitting the Bonds to trading on Nasdaq Stockholm. This Prospectus may not be distributed in the US, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa or New Zealand or in any other jurisdiction where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act).

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Issuer’s auditors. Certain financial information in this Prospectus may have been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents that are incorporated by reference and possible supplements to this Prospectus. In this Prospectus, any references to “**SEK**” refer to Swedish Kronor.

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Issuer’s management or are assumptions based on information available to the Group. The words “considers”, “intends”, “deems”, “expects”, “anticipates”, “plans” and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Although the Issuer believes that the forecasts or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Group’s operations. Such factors of a significant nature are mentioned in Section “*Risk factors*” below.

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus has been prepared in English only and is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance. The Prospectus is available at the Swedish Financial Supervisory Authority’s website ([www.fi.se](http://www.fi.se)) and the Issuer’s website ([www.fingerprints.com](http://www.fingerprints.com)).

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# RISK FACTORS

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*In this section, a number of risk factors are illustrated, both risks pertaining to the Issuer and the Group's market risks, business risks, legal and regulatory risks, financial risks and risks relating to the Bonds. The purpose of this section is to enable a potential investor to assess the relevant risks related to their potential investment in the Bonds in order to make an informed investment decision. Each of the risk factors set forth below describe risks which, in the meaning of Regulation (EU) 2017/1129, are material and specific to the Issuer and the Bonds.*

*The relative degree of materiality of certain risk factors is illustrated by an assessment of the Issuer of the probability of its occurrence and the expected magnitude of its negative impact if it would occur, for the purpose of which the probability is stated to be "low", "medium" or "high" and the magnitude of negative impact is stated to be "low", "medium" or "high". Irrespective of the probability or magnitude of negative impact stated in relation to each risk factor, all risk factors included below have been assessed by the Issuer to be material and specific to the Issuer and the Bonds in the meaning of Regulation (EU) 2017/1129.*

*The risk factors are organised in several categories and the most material risk factor in a category is presented first in each category. Subsequent risk factors in the same category are not purported to be ranked in order of materiality or probability of occurrence.*

## **RISKS SPECIFIC AND MATERIAL TO THE ISSUER AND THE GROUP**

### **I. Risks related to the Group's business and industry**

#### **Risks related to suppliers and raw material prices**

The production of the hardware of the Group's biometric authentication solutions is dependent on the Group's external suppliers of semiconductors, primarily silicon wafers which constitute the core component of the biometric sensors.

There is a risk that the Group's suppliers of semiconductors will deliver too late or not at all, or that the quality of the deliveries will not meet the Group's expectations which would hinder the Group's ability to manufacture its biometric sensors in a rate which is sufficient to match its order stock. The general shortage of semiconductors in the wake of the COVID-19 pandemic has further increased this risk and entails increased risks of delays in the Group's production, which could translate into delays in deliveries and payments, harming the Group's cash flow which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds. The shortage of semiconductors has, for example, caused delays in the Group's production and affected the Group's profits for the financial year ended 31 December 2020 and, to a lesser extent, the financial year ended 31 December 2021.

The prices of semiconductors is to a substantial degree related to the prices of the raw materials used in such semiconductors, primarily the price of silicon and, to a lesser degree, the price of gold. Price fluctuations in the price of silicon and/or gold causing increased prices for these raw materials would thus entail a higher cost per unit for the Group. The cost per unit of silicon wafers has increased during the last few year due to, e.g., the increase in the general demand for silicon wafers in the world due to the global digitalisation trend as well an increased demand in China in particular. If the Group would be unable to transfer such cost increases to its customers, it could entail lower margins and a decreased liquidity for the Group, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

There is also a risk that the Group's sub-suppliers do not comply with laws and regulations and that they conduct their business in an unethical or environmentally unsustainable manner in relation to e.g. the sourcing of the minerals used in the semiconductors supplied to the Group. Today, there is a heightened awareness of unethical sourcing of minerals (i.e. so called conflict minerals) and environmental issues in society in general as well as among the Group's customers and potential customers. If it would come to public attention that sub-suppliers of the Group have conducted their business unethically or in breach of applicable laws or regulations, there is thus

a risk that public perception of the Group could be damaged and that this would cause the Group's customers to choose other providers of biometric sensors which could entail a decreased market share and lower sales volumes and cash flow for the Group. If this risk were to materialise, it could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risks occurring are *low*. If this risk would materialise, the Issuer considers the potential negative impact to be *high*.

### **Risks relating to IT systems risks**

The Group is exposed to certain risks attributable to the Group's IT systems for, inter alia, coordinating allocation of resources, controlling product inventories, maintaining production levels and administering purchase of raw materials such as silicon used in the manufacture of the silicon wafers used in the Group's sensors. Thus, the Group is dependent on maintaining the functionality and operation of IT and communication systems. Any interruptions or errors in internal and external IT systems that are critical to the Group's operations could cause a significant decrease in the ability of the Group to timely supply its products and services to its customers. Furthermore, there is a risk that prolonged network failure or server downtime, cyber-attacks such as malware or ransomware attacks or other disruptions or failures in the Group's IT systems could occur, which would have a disruptive impact on the Group's operations and lead to leakage of confidential or proprietary information or other trade secrets. If information on, for example, the Group's financial development is unlawfully disclosed, distributed or used in violation of relevant laws and regulations, there is a risk that the Group would be subject to both legal sanctions and impaired reputation. If the Group fails to maintain and develop the functionality and operation of its business-critical IT systems, including if customers fail to do so, this would have a material adverse effect on the Group's future operations and earnings, hence having a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risk occurring is *medium*. If the risk would materialise, the Issuer considers the potential negative impact to be *high*.

### **Scalability risks**

The Group business revolves around the development, production and selling of biometric authentication solutions (i.e. biometric sensors) to its customers. Due to the technological nature of the Group's business and the fact that the Group receives payments in relation to the number of units sold, the Group's future earnings depend on the Group's ability to scale up its production and sales volumes to reduce the cost per unit in order to increase margins and making it possible to charge lower prices from its customers. The scalability of the Group's business will be of an increased importance as the competition from larger providers of biometric authentication solutions of similar quality to those offered by the Group will entail a larger focus on price levels. Larger competitors could utilise their cost advantage to drive down pricing and take market shares from smaller providers of biometric authentication solutions, such as the Group. Larger competitors could in general make use of their financial resources and capacities to outcompete smaller users through pricing. In order for the Group to protect and/or increase its market share, the Group must be able to scale up its operations through organic growth and/or acquisitions and to integrate acquired businesses successfully and reap synergies, and as such strengthen as well as maintain its competitive position. If the Group is unable to increase the scale of production of biometric sensors while also maintaining a high level of innovation, there is a risk that the quality of the Group's products could decline and that the Group's reputation could be seriously harmed, causing lower future sales volumes, cash flows and profits. If this risk were to materialise, it could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers the probability of the risk occurring to be *medium*. If the risk were to occur, the Issuer considers the potential negative impact to be *medium*.

### **Internal controls**

As described in the risk factor “*Scalability risks*”, the Group’s future success is dependent in on its ability to scale up its production and to grow its operation due to the fact that the Group receives payments in relation to the number of units sold. While striving towards its goal to scale up its business, the Group must be successful in maintaining sufficient internal controls, i.e. the implementation and/or compliance with policies, guidelines, initiatives and product quality controls. For example, production disturbances in the Group’s business due to mismanagement and non-compliance with policies and guidelines for internal control could have a negative impact on the Group’s operations, financial position and profits, all of having a negative effect on the amount of dividends being paid to the Issuer, which in turn may have a material adverse effect on the Issuer’s ability to make payments under the Bonds. When growing its business, the Group will become increasingly dependent on effective routines for corporate governance, accounting, finance, data processing and internal controls.

Successful internal controls are also dependent on successful risk assessment and risk management. A failure in the Group’s risk management systems or monitoring processes, either due to failure upon manual data entry or an error resulting from an incorrect automated transfer of data, could negatively affect the ability to collect accurate risk information within the internal control systems. In particular, events with material negative financial effects must be identified promptly. Should the Group fail to identify such risks or should the data represent incorrect information resulting in that a decision-maker is not able to act swiftly enough, it could have a material negative effect on the Group’s business and future profits and, thereby, the Issuer’s ability to make payments under the Bonds.

These risks are enhanced by the fact that the Group conducts operations, and have its employees working out of, various different continents and countries (the Group’s headquarters are for example located in Sweden while most of the Group’s workforce is located in China) since it adds another level of difficulty in ensuring the internal compliance with internal policies, guidelines, initiatives and product quality controls throughout the whole organisation.

The Issuer considers that the probability of the above risk occurring is *low*. If the risk would materialise, the Issuer considers the potential negative impact to be *high*.

### **Risks related to outsourced production**

The Group does not have its own production capabilities, but outsources the production of the Group’s biometric sensors to third parties (the “**Manufacturers**”) and is therefore dependent on the availability and performance of the Manufacturers. The Group currently contracts 11 different Manufacturers for the production of the Group’s products. If several Manufacturers would terminate the agreement with the Group, enter into liquidation or cease doing business with the Group pursuant to the agreement between the Group and the Manufacturer, the Group would need to find new Manufacturers in order to meet its obligations to its customers. There is a risk that the Group would be unable to contract new Manufacturers, at all or at reasonable costs. If the Group is unable to contract new Manufactures in time, the Group could be unable to deliver its products to the customers in accordance with existing agreements and arrangements, which could entail sales losses and a reduced cash flow for the Group. Even if new Manufacturers are contracted, there is a risk that the production will not resume fast enough. If the Group would only be able to contract new Manufacturers at high prices, it could entail higher costs for the Group and decreased margins which would negatively affect the Group’s profits and liquidity, which in turn could have a material adverse effect on the Issuer’s ability to make payments under the Bonds.

The Issuer considers the probability of the risk occurring to be *medium*. If the risk were to occur, the Issuer considers the potential negative impact to be *high*.

### **Risks relating to recruitment and retention of qualified personnel and upper management**

Attracting, motivating and retaining qualified personnel is crucial to the Group’s future business and success. Given the high-tech nature of the Group’s business, the Group is especially dependent on recruiting and retaining employees with knowledge of, and experience in, engineering and biometrics. In addition, the Group is dependent

on certain existing members of its upper management who the Issuer deem to be crucial for maintaining and improving the Group's R&D capabilities, which is key to maintaining and improving the Group's competitive edge. In order to attract, motivate and retain key employees, including the existing members of the upper management, the Group may need to increase the remuneration paid to these individuals, with increased costs for the Group as a result, which would have a negative effect on the Group's profits. If the Group cannot attract and retain qualified personnel or its upper management in the future, it could have a negative effect on the Group's future prospects, entailing lower future sales volumes and a decreased cash flow, which in turn could have a material negative effect on the Issuer's ability to make payments under the Bonds.

The Group is also in need of recruiting female personnel who fits the Group's recruitment needs, which the Group has found to be challenging historically. As of 31 December 2020, there were 170 male employees and 70 female employees in the Group.<sup>1</sup> During the last decades, there has been an increase in the awareness of gender related issues in general and in the relative underrepresentation of female employees in tech-centred companies in particular. If the Group is incapable of attracting female employees and obtain a more even gender balance in its workforce, there is a risk that the public opinion of the Group could decrease and that potential customers could turn to other providers of biometric solutions, thus harming the Group's future sales volumes and cash flow, which in turn could have a material negative effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risks occurring are *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

## **II. Risks related to the market and public perception**

### **Risk relating to demand for the Group's products and demand for the products offered by the Group's customers**

The market for biometric authentication solutions is characterised by rapidly changing technologies, new technologies, new hardware and new compatibility requirements as well as constantly changing customer demands. The success of the Group therefore crucially depends on the Group identifying new trends and developments as well as constantly improving the Group's current technology. In particular, the Group must be in a position to recognise changing customer demands and requirements and adapt the biometric sensors offered by the Group accordingly at short notice and constantly improve, expand and update them with new features to meet the customer's changing technical requirements as well as the end-customer's requirements and demands as to the usability of the sensors. If the Group is not able to successfully introduce new and improved technologies to the market in time to meet its customers' rapidly changing demands or if the demand for biometric sensors would decrease overall, the competitive position and growth opportunities of the Group would be adversely affected which in turn could have a material adverse effect on the Group's future profits and cash flow and the Issuer's ability to make payments under the Bonds.

Furthermore, the demand for the Group's products is, to a certain degree, dependent on the customer demand for devices into which the Group's biometric sensors are integrated (i.e. cellular phones, biometric payment cards, laptops etc.) which are offered by direct customers of the Group, as opposed to other providers of such devices which are not customers of the Group. If the demand for the products of one or several of the Group's largest customers were to decrease there would be an indirect demand decrease for the Group's products which could negatively affect the Group's market share, sales volumes and cash flow. This could potentially have a material adverse effect on the Issuer's ability to make payments under the Bonds. The Group's customer's businesses and their demand for the Group's products is further affected by a number of macroeconomic factors such as gross domestic product growth, unemployment rates, inflation and deflation, consumer and business confidence, the availability and cost of credit, interest rates, taxation, regulatory changes, commodity prices, as well as the

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<sup>1</sup> The information is derived from the Group's audited 2020 annual report.

possibility to raise financing. The COVID-19 pandemic, for instance, caused a decrease in the global smart phone market (which accounted for approximately 90 per cent. of the Group's earning during 2020) of approximately 8 per cent. during 2020.<sup>2</sup> As an illustrative example, the loss of the Group's 5 largest customers in terms of sales volumes during the financial year ended 31 December 2020 would have had negative effect on the Group's consolidated profits by approximately 90 per cent.<sup>3</sup>

The Issuer considers that the probability of the above risk occurring is *medium*. If the risk would materialise, the Issuer considers the potential negative impact to be *high*.

### **Competition risk**

The Group has several major international competitors in the biometric authentication solutions industry across different segments, including IDEX Biometrics, Zwipe, Shenzhen Goodix Technology and Synaptics. During the last few years, the Group has recognised an increased competition and price pressure on the market, causing lower profit margins on some of the Group's product areas such as the capacitive sensor segment. Companies in the market compete among other things by product innovation, price, quality, performance and compatibility. There is a risk that the competitive landscape may not develop in the direction predicted by the Group, e.g. that the Group's competitors engage in price competition by merging with other competitors or by implementing new initiatives or developing more competitive or innovative products than those of the Group. Even actors who are not competing with the Group's products at this time, or competitors who at this time only compete with the Group within certain segments, can broaden their product offerings to areas where the Group is active. If any of the abovementioned risks were to materialise, it could have a negative impact on demand for the Group's products and cause reduced future sales volumes and, in the case of price pressure, decrease the Group's margins, all of which could have a material adverse effect on the profits and cash flow of the Group and the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risk occurring is *medium*. If the risk would materialise, the Issuer considers the potential negative impact to be *high*.

### **Public perception risk**

The Group products comprise a wide range of biometric authentication solutions which aims to verify the identity of registered individuals by means of finger print and/or iris identification. The demand for the Group's products is therefore subject to the general opinion on biometric sensors in society, whereas potentially growing concerns as to the aspect of personal integrity in relation to biometrics and biometric sensors could have a material negative effect on the demand for biometric sensors in general. The probability of such concerns emerging is higher in relation to low cost products with low biometric integrity. Even though the Group's products does not belong to the abovementioned product segment, there is a risk that the Group will fail to differentiate the Group's products from such low cost and low biometric integrity sensors and that the public will see all biometric authentication solutions in the same way. If the general opinion on biometric sensors would decrease, there is a risk that the demand for the Group's products from the Group's direct customers would decrease in order to meet the demands from the end-customers. If the above risk would to materialise, it could entail sales losses and a decreased cash flow for the Group, which in turn could have a material adverse effect for the Issuer's ability to make payments under the Bonds.

In addition, the public opinion as well as the Group's customers' opinion on the Group could also be influenced by incidents of capital markets abuse, even though such incidents is not directly related to the Group's business or products. Since the Group's inception there has been several incidents of employees, senior executives and a board member being involved in controversies regarding insider trading. In case of new instances of insider trading

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<sup>2</sup> The information is derived from the Group's audited 2020 annual report.

<sup>3</sup> The information is derived from internal information within the Group and has thus not been audited.



controversies involving employees, senior executives or board members, there is a risk that the public perception of the Group would be damaged and that customers of the Group could choose other suppliers of biometric sensors in order to avoid being connected with the Group. If this risk were to materialise, it could entail lower sales volumes for the Group and a reduced cash flow, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risk occurring is *low*. If the risk would materialise, the Issuer considers the potential negative impact to be *high*.

### **III. Legal and regulatory risk**

#### **Corruption risk**

The Group is required to comply with the provisions of anti-corruption laws, anti-money laundering and sanctions laws in jurisdictions in which it operates. In particular, there is a generally increased risk for corruption related issues occurring in China, where the Group conducts operations through a Chinese subsidiary. There can be no assurance that the Group's current and past policies and control systems have been or will be able to detect or prevent all potential instances of illicit conduct, or that such policies have been or will be fully and consistently applied throughout the Group's organisation. While the Group seeks to exercise best practices in compliance with applicable laws, there can be no assurance that the Group's past and current policies and control systems have been, or are, able to detect or prevent all potential instances of illicit conduct. Any non-compliance with the provisions of anti-corruption laws, anti-money laundering and sanctions laws by the Group could have a negative effect on the public perception of the Group which could result in decreased sales numbers and increased costs for the Group, both of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers the probability of the risk occurring to be *low*. If the risk were to occur, the Issuer considers the potential negative impact to be *high*.

#### **Product quality and safety risk**

The Group offers stand-alone biometric sensors as well as biometric authentication solutions which are integrated into the products offered by the Group's direct customers (i.e. cellular phones, biometric payment cards, lap tops etc.). Quality issues in the Group's products could result in damages to the Group's direct customers, end-customers and property and induce liabilities, warranty claims and damages, generating costs payable by the Group, which the Group in turn may not be able to completely recover from its suppliers and Manufacturers, causing lower profit margins for the Group.

There is a risk that any injuries or damage resulting from deficiencies in the products or the inappropriate use thereof may lead to product liability claims that requires the Group to make significant cash payments. Hence, in the event a claim is successfully brought against the Group, it may result in an adverse effect on the Group's operating results and customer relations. Any such occurrence could also risk damaging the reputation of the Group and/or its products and services, which could lead to customers choosing to purchase biometric authentication solutions from other providers, resulting in a loss of sales for the Group. In addition, any product claim, whether or not successful, could also increase the Group's insurance premiums or negatively affect its reputation, resulting in a loss of customers or business.

Both of the above-mentioned risk could have a material adverse effect on the Issuer's ability to make payments under the Bond.

The Issuer considers the probability of the risk occurring to be *low*. If the risk were to occur, the Issuer considers the potential negative impact to be *medium*.

#### **Risk relating to geopolitical factors**

As the Group conducts international operations with customers and suppliers throughout various places in the world, the Group is exposed to certain geopolitical risks. The US has, for example, introduced licensing

requirements under EAR 744 for the export of, inter alia, certain technologies for use in the products of Huawei, a major customer of the Group incorporated in China. The export license does not permit export of 5G products for use in Huawei's products and thus restricts the Group's export of certain of the Group's 5G products to this customer. If the US export restriction would become stricter and prohibit the export of other products of the Group for use in Huawei products or if there would be an increase in the occurrence of similar export or import restrictions in the US or in other geographical markets of the Group, it could have a material adverse effect on the Group's overall sales volumes, liquidity and the Issuer's ability to make payments under the Bonds.

The Issuer considers the probability of the risk occurring to be *medium*. If the risk were to occur, the Issuer considers the potential negative impact to be *medium*.

### **Infringement of intellectual property rights of third parties**

The Group is dependent on intellectual property in order to be able to commercialize its investments in technology. Intellectual property constitutes a major part of the Group's assets. As of 30 June 2021, the Group's intangible assets comprised approximately 57 per cent. of the Group's total assets<sup>4</sup>, of which intellectual property rights represented approximately 33 per cent.<sup>5</sup> As of the date of this Prospectus, the Group's patent portfolio comprise over 460 patents.<sup>6</sup>

There is a risk that the Group will infringe on the intellectual property rights of third parties, that third parties may assert claims against the Group based on the infringement of intellectual property rights or that the Group could be sued in connection with legal disputes. This may result in the Group's products being unable to be commercialized or that such commercialization would be delayed. Even the assertion by third parties that the Group infringes the intellectual property rights of third parties could lead to economic damage due to the decisive role that intellectual property rights play in the industry in which the Group operates. Intellectual property proceedings can involve complex factual and legal issues and often have an uncertain outcome. Such legal disputes will also involve time, personnel and cost expenditure and may dissuade the Issuer from its actual business activities. Third parties could assert claims arising from the infringement of their patents or other intellectual property rights due to actions by the Issuer or its employees and file lawsuits against the Group. The occurrence of one or more of these risks would have a negative impact on the Group's sales volumes, entailing decreased future cash flows which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

There is also a risk that a legal dispute may arise with competitors regarding the legality of the Group's use of its intellectual property rights or a third party's infringement on the Group's intellectual property. The Group has, for example been involved as the plaintiff in a patent infringement law suit against one of the Group's competitors, Shenzhen Goodix Technology and it is possible that the Group will be involved in similar disputes in the future. There is also a risk that third parties may attempt to register a corresponding intellectual property right themselves. If such an attempt were successful or if the Group would lose in a dispute regarding the use of its intellectual property, there is a risk that the Group would be prevented from continuing to use such intellectual property in its business activities. Among other things, this could result in high costs for the Group in obtaining alternative intellectual property rights in the market and/or high dispute resolution costs, which would have an adverse effect on the Issuer's margins and cash flow, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

Furthermore, certain of the Group's intellectual property rights constitutes non-registered and/or non-registerable intellectual property rights. For the protection of such intellectual property rights, the Group is dependent on

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<sup>4</sup> The information is derived from the Group's unaudited interim report for the period 1 January–30 June 2021.

<sup>5</sup> The information is derived from internal information within the Group and has thus not been audited.

<sup>6</sup> The information is derived from internal information within the Group and has thus not been audited.

keeping such trade secrets from its competitors. If such trade secrets were to be known by the Group's competitors due to, e.g. a breach in the Group's IT systems, there is a risk that the Group could lose some of its competitive edge and that it would result in a loss of market share, lower sales and a reduced cash flow, all of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risks occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### **Impairment of goodwill and other intangible non-current assets**

According to IFRS, the Group is obliged to test for impairment of goodwill and other intangible non-current assets. Goodwill measurement must also take place when events or changed circumstances indicate that the carrying amount is higher than the recoverable amount. Over half of the assets in the Group's balance sheet consist of non-current assets. Non-current assets on the Group's balance sheet primarily consist of intangible non-current assets, which amounted to approximately SEK 784 million as of 30 June 2021.<sup>7</sup> As the Group continue to research and develop new technological solutions for biometric authentication, it is likely that the value of the Group's intangible non-current assets will increase. If operational, regulatory or macroeconomic conditions – both generally and in the Group's markets – develop in a way that deviates from the Issuer's past assessments and the Group's business is therefore adversely affected or if there were to be a decreased demand for the Group's products, the need for further impairment of goodwill and other intangible assets may arise. Any write down goodwill or other intangible assets within the Group would cause a corresponding cost in the profit and loss account which would have a material adverse effect on the Issuer's financial position, which in turn could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risk occurring is *medium*. If the risk would materialise, the Issuer considers the potential negative impact to be *medium*.

### **IV. Risks related to the Group's financial situation**

#### **Financing risk**

The Group is financing its working capital requirements by, inter alia, external financing. Following the issuance of the Bonds, the Group's interest bearing debt amounts to approximately SEK 300,000,000 and run with an average tenor of approximately 3 years. The Group's financial needs include both the continuing operations, R&D expenditures as well as general readiness for future investments. The access to financing is affected by factors such as the general access to capital and the Group's creditworthiness. If the Group fails to raise enough funds on favourable terms, or at all, this may have a negative impact on the future growth of the Group's operations and its ability to fulfil its financial obligations, in turn entailing reduced future cash flows and decreased future liquidity, which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risk occurring is *low*. If the risk would materialise, the Issuer considers the potential negative impact to be *medium*.

#### **Credit risk**

The majority of the Group's revenues came from credit receivables, as a large part of the Group's current customers consist of businesses (B2B). There is a risk that the Group's customer receivables will be paid too late or not at all. Since the Group's top 9 customers represented approximately 90 per cent. of the Group's total earnings during the financial period ended 30 June 2021, the Group has a relatively large exposure towards a few customers, which increases the credit risk in relation to those customers.<sup>8</sup> If a customer, or several customers together, representing a large share of the Group's sales were to not pay the Group's receivables in time (or at all) it could entail major

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<sup>7</sup> The information is derived from the Group's unaudited interim report for the period 1 January–30 June 2021.

<sup>8</sup> The information is derived from internal information within the Group and has thus not been audited.

credit losses for the Group which could have a direct negative effect on the Group's cash flow and liquidity. This could have a material adverse effect on the Group's financial position as the Group would be forced to incur a corresponding external financing. Credit losses would also reduce the Group's profits. As an illustrative example, credit losses corresponding to 10.0 percent of the customer receivables existing as of 30 June 2021 would have reduced the Group's consolidated profits for the financial period 1 January 2021–30 June 2021 by approximately SEK 14.15 million.<sup>9</sup>

The Issuer considers that the probability of the above risk occurring is *low*. If the risk would materialise, the Issuer considers the potential negative impact to be *low*.

### **Currency risk**

Currency risk means the risk of exchange rate fluctuations affecting the Group's financial position negatively. Exchange rate differences decreased the Group's operating profit for the financial year ended 31 December 2020 by SEK 11 million.<sup>10</sup> The Group does not have any currency hedging arrangements in place. The Group is primarily exposed to USD as most of the purchases and sales are conducted in USD. As an illustrative example, a 10 percent change in the exchange rate between the SEK and the USD during the financial year ended 31 December 2020, would have affected the Group's consolidated profits for the financial year ended 31 December 2020 by +/- 10 per cent.<sup>11</sup> Thus, significant reductions in the value of the USD in relation to the SEK may have negative effects on the Group's earnings, financial position and cash flow, all of which could have a material adverse effect on the Issuer's ability to make payments under the Bonds.

The Issuer considers that the probability of the above risk occurring is *high*. If the risk would materialise, the Issuer considers the potential negative impact to be *low*.

## **RISKS SPECIFIC AND MATERIAL TO THE BONDS**

### **I. Risks relating to the nature of the Bonds**

#### **Structural subordination and insolvency of subsidiaries**

The Issuer is dependent on the receipt of dividends and other distributions from its subsidiaries. In the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Issuer – as a shareholder – would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries. Defaults by, or the insolvency of, certain subsidiaries of the Issuer may result in the obligation for the Issuer to make payments under financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group. There is a risk that the Issuer and its assets would not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

The terms and conditions for the Bonds (the “**Terms and Conditions**”) permits the incurrence and/or issuing of certain new financial indebtedness. In addition, security may be provided for certain financial indebtedness as set out in the Terms and Conditions. Accordingly, the Company and its subsidiaries may, to a certain extent, incur additional indebtedness and provide further security and guarantees for such indebtedness. Incurring such additional indebtedness and the provision of security and guarantees may reduce the amount (if any) recoverable by Bondholders (as defined in the Terms and Conditions) if the Company is subject to any dissolution, winding-

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<sup>9</sup> The information is derived from the Group's unaudited interim report for the period 1 January–30 June 2021.

<sup>10</sup> The information is derived from internal information within the Group and has thus not been audited.

<sup>11</sup> The information is derived from internal information within the Group and has thus not been audited.

up, liquidation, restructuring (Sw. *företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings.

### **Ability to service debt and credit risk**

The Issuer's ability to service its debt under the Bonds depends on the Issuer's ability to have liquid funds in order to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors of which some have been mentioned above, such as prevailing economic conditions and financial, business, regulatory and other factors.

If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital.

An increased credit risk for investors will cause the market to charge the Bonds a higher risk premium, which will affect the Bonds' secondary market value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Group will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds. This would in turn negatively affect the Issuer's ability to repay the Bonds and maturity.

### **Risks relating to the Transaction Security and the Guarantees**

The obligations under the Bonds to the Bondholders will be secured by pledges over shares in certain subsidiaries of the Issuer (the "**Share Pledges**") as well as receivables under present and future material intragroup loans (together with the Share Pledges the "**Transaction Security**") and guarantees by certain subsidiaries of the Issuer (the "**Guarantees**").

If the Company issues Subsequent Bonds, the security position of the current Bondholders may be impaired, since the Bondholders of Subsequent Bonds will become secured parties and entitled to share the Transaction Security and Guarantees granted to the existing Bondholders. According to the Terms and Conditions, the Company may also incur new debt and provide security and guarantees for such debt. Accordingly, the issue of Subsequent Bonds or the granting of security or guarantees for any new debt may have an adverse effect on the security position of the Bondholders and, consequently, the Bondholders recovery in connection with an enforcement of the Transaction Security and Guarantees.

Pursuant to the Terms and Conditions, the Issuer shall procure the provision of the Share Pledges and the Guarantees within 90 days of the first issue date for the Bonds or such longer time which is required for the Issuer to be able to procure the Share Pledges and the Guarantees. The Bonds will thus not be secured by the Share Pledges or the Guarantees on the first issue date and remain to be so unsecured for 90 days or an even longer time and there can hence be no assurance when, or if, the Share Pledges or the Guarantees will be provided and duly perfected. If the Issuer would default on its obligations under the Bonds before the Share Pledges and the Guarantees are provided and perfected (if ever), the bondholders would be unable to enforce the Share Pledges and the Guarantees, which could have a material adverse effect on Bondholders recovery under the Bonds.

### **Risks relating to enforcement of the Share Pledges**

If a subsidiary, which shares are pledged in under the Share Pledges, is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such share pledge may then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the secured parties. As a result, the secured parties may not recover full or any value in the case of an enforcement sale of the Share Pledges. In addition, the value of the shares subject to the Share Pledges may decline over time. Accordingly, there is a risk that the proceeds of any enforcement sale of the Share Pledges or enforcement of Guarantees will not be sufficient to satisfy all, or any amounts, owed to the secured parties, or the amounts then due in respect of the Bonds. If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the Bondholders will only have an unsecured claim against the remaining assets (if any) of the Company for the amounts which remain outstanding under or in respect of the Bonds.

## **II. Risks relating to the admission of the Bonds to trading on a regulated market**

### **Liquidity risks and secondary market**

Pursuant to the Terms and Conditions, the Issuer has undertaken to have the Initial Bonds admitted to trading on Nasdaq Stockholm or any other regulated market within twelve (12) months after the First Issue date (as defined in the Terms and Conditions), but shall use its best effort to procure that the Bonds are admitted to trading within thirty (30) calendar days after such First Issue Date. Furthermore, if the Bonds have not been admitted to trading within sixty (60) days after the First Issue Date, a listing failure would occur, which gives the Bondholders an option to request that all, or only some, of its Bonds are repurchased.

There is a risk that the Bonds will not be admitted to trading within the aforementioned timeframe, or at all. If the Company fails to admit the Bonds to trading within thirty (30) calendar days in time, investors holding Bonds on an investment savings account (Sw. *ISK or IS-konto*) will no longer be able to hold the Bonds on such account, thus affecting such investor's tax situation. If the Issuer fails to admit the Bonds to trading within sixty (60) calendar days, Bondholders may request that their Bonds are repurchased, which could adversely affect the secondary trading of the Bonds.

Even if the Bonds are admitted to trading, active trading in the securities may not always occur and thus, there can be no assurance that a liquid market for trading in the Bonds will exist or be maintained. In particular with regard to that the Bonds are traded over-the-counter (OTC), there is a risk for a smaller volume of trades. If a liquid market for trading in the Bonds will not exist or cannot be maintained, it may lead to Bondholders being unable to sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market, or can only sell their Bonds at a loss. Consequently, lack of liquidity in the market may have a negative impact on the market value of the Bonds.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

# THE BONDS IN BRIEF

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This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference, and the full Terms and Conditions for the Bonds included under Section “*Terms and Conditions for the Bonds*”, before a decision is made to invest in the Bonds.

## General

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Issuer .....	Fingerprint Cards AB (publ), Swedish reg. no. 556154-2381.
Resolutions, authorisations and approvals .....	The Issuer’s board of directors resolved to issue the Bonds on 16 December 2021.
The Bonds offered.....	SEK 300,000,000 in an aggregate principal amount of senior secured callable floating rate bonds due 23 December 2024.
Nature of the Bonds .....	The Bonds constitute debt instruments (Sw. <i>skuldförbindelser</i> ), each of the type set forth in Chapter 1, Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act (Sw. <i>lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument</i> ).
Number of Bonds .....	As of the date of this Prospectus, 240 Bonds have been issued. A maximum of 400 Bonds may be issued under the Terms and Condition. Only Bonds that have been issued at the date of approval of the Prospectus may be admitted to trading based on the Prospectus.
ISIN.....	SE0017071855.
Issue Date.....	23 December 2021.
Price .....	All Bonds issued on the Issue Date have been issued at an issue price of 100 per cent. of the Nominal Amount.
Interest Rate .....	Interest on the Bonds is paid at a rate equal to the sum of (i) the Base Rate, initially three (3) months STIBOR, plus (ii) 9.00 per cent. <i>per annum</i> , as adjusted by any application of Clause 25 ( <i>Base Rate Replacement</i> ) in the Terms and Conditions. Interest will accrue from, but excluding, the Issue Date.
Use of benchmark .....	Interest payable for the Bonds issued under the Terms and Conditions is calculated by reference to STIBOR. As of the date of this Prospectus, the administrator (being Swedish Financial Benchmark Facility) does not appear in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the regulation (EU) 2016/1011 (the Benchmark Regulation).
Interest Payment Dates.....	Quarterly in arrear on 23 March, 23 June, 23 September and 23 December each year, with the first Interest Payment Date being on 23 March 2022 and the last Interest Payment Date being the Final Redemption Date (or any final Redemption Date prior thereto) or, to the extent any such day is not a Business Day, the Business Day following from an application of the Business Day Convention.
Final Redemption Date .....	23 December 2024.

Nominal Amount.....	The initial nominal amount of each Bond is SEK 1,250,000 and the minimum permissible investment upon issuance of the Bonds was SEK 1,250,000.
Denomination.....	The Bonds are denominated in SEK.
Status of the Bonds .....	The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least <i>pari passu</i> with all direct, general, unconditional, unsubordinated and secured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
Use of Proceeds.....	The net proceeds from the Initial Bond Issue and any Subsequent Bond Issue shall be applied towards general corporate purposes of the Group (including acquisitions).

## Call Option

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Call Option.....	<p>The Issuer may redeem all, but not some only, of the Bonds on any Business Day after the First Issue Date (being 23 December 2021) at the applicable Call Option Amount together with accrued but unpaid Interest, in accordance with Clause 12.3 (<i>Early voluntary total redemption by the Issuer (call option)</i>) of the Terms and Conditions, the Call Option Amount being:</p> <ul style="list-style-type: none"> <li>(a) The sum of (i) 104.50 per cent. of the Nominal Amount and (ii) the remaining interest payments up to and including the First Call Date, if the call option is exercised on or after the First Issue Date to, but not including, the First Call Date;</li> <li>(b) 104.50 per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date to, but not including, the date falling twenty-four (24) months after the First Issue Date;</li> <li>(c) 102.25 per cent. of the Nominal Amount if the call option is exercised on or after the date falling twenty-four (24) months after the First Issue Date to, but not including, the date falling thirty (30) months after the First Issue Date; and</li> <li>(d) subject to paragraph (e) below, 100.90 per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty (30) months after the First Issue Date to, but not including, the Final Redemption Date; or</li> <li>(e) 100.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-three (33) months after the First Issue Date up to (but not including) the Final Redemption Date, provided that such early redemption is financed in part or in full by way of the Issuer issuing Market Loan(s) in one or several issues.</li> </ul>
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For the purpose of calculating the remaining Interest payments pursuant to paragraph (a) above, it shall be assumed that the Interest Rate for the period from the relevant Record Date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant Record Date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.



# Put Option

Put Option .....	<p>Upon the occurrence of a Change of Control Event, a De-listing Event, a Listing Failure Event or a Material Disposal Event, each Bondholder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of thirty (30) calendar days following a notice from the Issuer of the relevant event, in accordance with Clause 12.5 (<i>Mandatory repurchase due to a Change of Control Event, a De-listing Event, a Listing Failure Event or a Material Disposal Event (put option)</i>) of the Terms and Conditions.</p> <p>Upon the occurrence of a Board/Management Event, each Bondholder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 110.00 per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of thirty (30) calendar days following a notice from the Issuer of the relevant event, in accordance with Clause 12.6 (<i>Mandatory repurchase due to a Board/Management Event (put option)</i>) of the Terms and Conditions.</p>
Change of Control.....	<p>A Change of Control Event means the occurrence of an event or series of events whereby one or more Persons, acting in concert, acquire control over the Issuer and where “<b>control</b>” means (a) acquiring or controlling, directly or indirectly, more than 50.00 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.</p>
De-listing.....	<p>A De-listing Event means the occurrence of an event or series of events whereby (i) the Issuer’s shares are not listed and admitted to trading on a Market Place or trading of the Issuer’s shares on the aforementioned stock exchanges is suspended for a period of fifteen (15) consecutive Business Days; or (ii) the Bonds, once the Bonds are admitted to trading on Market Place, are no longer admitted to trading or listed thereon or another Market Place (however, taking into account the rules and regulations (as amended from time to time) of the relevant Market Place, and the CSD preventing trading in the Bonds in close connection to the redemption of the Bonds).</p>
Listing Failure .....	<p>A Listing Failure Event means the situation where (i) the Bonds issued under the Initial Bond Issue are not admitted to trading on a Market Place within 60 calendar days from the First Issue Date, or (ii) any Subsequent Bonds are not admitted to trading on the Market Place on which any previously issued Bonds are admitted to trading within 60 calendar days from the relevant issue date of such Subsequent Bonds (although the Issuer’s intention is to have any issued Bonds admitted to trading within 30 calendar days from the relevant issue date).</p>
Material Disposal Event.....	<p>A Material Disposal Event means occurrence of an event whereby the aggregate net cash proceeds (after deducting taxes, transaction costs, deferred consideration and provisions for liability reasonably incurred in connection with the disposal) received by the Group from disposals of intellectual property</p>

rights or other assets held by the Group (excluding any disposals of trading stock or in the ordinary course of business, intra-group transactions and disposals of cash and cash equivalent investments) carried out after the First Issue Date exceeds SEK 100,000,000.

Board/Management Event..... A Board/Management Event means the situation where a board member or a senior executive of the Issuer, after being sentenced for a crime for which imprisonment may be prescribed and such board member or senior executive, remains board member or senior executive (as applicable) on the date falling 60 calendar days of such sentencing.

## Undertakings

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Certain undertakings ..... The Terms and Conditions contain a number of undertakings that restrict the ability of the Issuer and other Group Companies, including, among others:

- restrictions on making distributions;
- undertaking to have the Bonds admitted to trading within twelve (12) months after the Issue Date;
- restrictions in relation to incurring Financial Indebtedness and providing security or guarantees;
- undertaking to at all times meet the Maintenance Test;
- restrictions on disposals of assets
- restrictions on resolving on share issues in certain subsidiaries;
- restrictions on mergers and demergers;
- restrictions on licensing of certain intellectual property;
- restrictions on making any substantial changes to the general nature of the business carried out by the Group; and
- restrictions on dealings with related parties.

Each of these covenants is subject to significant exceptions and qualifications. See the Terms and Conditions of the Bonds for more information.

**Transaction security etc.**

Transactions security and Guarantees.....	<p>The Issuer shall ensure that, no later than 90 days from the First Issue Date or such longer time required for the delivery of the following documents (it being understood that the Issuer shall use its best efforts to deliver the following documents within 90 days from the First Issue Date): (i) as continuing Security for the due and punctual fulfilment of the Secured Obligations, transaction security documents under which transaction security is created over (A) the shares in the Group Companies Fingerprint Cards Anacatum IP AB, Fingerprint Cards Aps, Fingerprint Cards Switzerland AG and Fingerprint Cards Singapore Ltd and (B) all present and future intra-group loans provided by a Group Company (excluding any Group Company incorporated in an Excluded Jurisdiction) to a Group Company and (ii) a Guarantee and Adherence Agreement under which the Secured Obligations are guaranteed by the Group Companies Fingerprint Cards Anacatum IP AB, Fingerprint Cards Aps, Fingerprint Cards Switzerland AG and Fingerprint Cards Singapore Ltd.</p>
Additional security and guarantees.....	<p>The Issuer shall no later than sixty (60) calendar days following the publication of each Annual Report, use its best efforts to ensure that (a) any Material Group Company (other than the Issuer and any Material Group Company incorporated in the Excluded Jurisdiction) and any other wholly-owned Group Company required in order to attain the Guarantor Cover Threshold accedes to the Guarantee and Adherence Agreement as a Guarantor (if not already a Guarantor), (b) all amounts outstanding under the Finance Documents, plus accrued interest and expenses, to the extent permitted legally, be secured by a pledge in respect of the shares in any Group Company which has become a Guarantor in accordance with paragraph (a) above (to the extent not already pledged), and (c) in relation to any new party to a Transaction Security Document and/or the Guarantee and Adherence Agreement not incorporated in Sweden or any new Transaction Security Documents and/or Guarantee and Adherence Agreement governed by non-Swedish law, a legal opinion on legal capacity, due execution and enforceability issued to the Agent by a reputable law firm and in form and substance satisfactory to the Agent acting reasonably, always provided that any security and guarantees shall be subject to, and limited as required by, financial assistance regulations, corporate benefit restrictions and other applicable corporate law limitations.</p>

## Miscellaneous

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Transfer restrictions .....	The Bonds are freely transferable. The Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds under local laws to which such Bondholder may be subject (due to, <i>e.g.</i> , its nationality, its residency, its registered address or its place(s) of business). The Bonds have not been, and will not be, registered under the US 1933 Securities Act, as amended.
Credit rating .....	No credit rating has been assigned to the Bonds.
Admission to trading .....	Application for admission to trading of the Bonds on the corporate bond list of Nasdaq Stockholm will be filed in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 14 February 2022. The total expenses of the admission to trading of the Bonds are estimated to amount to approximately SEK 200,000. Only Bonds that have been issued as of the date of approval of the Prospectus may be admitted to trading based on the Prospectus.
Representation of the Bondholders .....	<p>Intertrust (Sweden) AB, Swedish reg. no. 556625-5476, is acting as Agent for the Bondholders in relation to the Bonds and any other matter within its authority or duty in accordance with the Terms and Conditions.</p> <p>By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf, on the terms, including rights and obligations of the Agent, set out in the Terms and Conditions. The Terms and Conditions are available at the Agent's office address, Sveavägen 9, 10th floor, SE-111 57 Stockholm, Sweden, during normal business hours as well as at the Agent's website, <a href="http://www.intertrustgroup.com">www.intertrustgroup.com</a> (information on the website is not a part of the Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority).</p>
Governing law .....	The Bonds are governed by Swedish law.
Time-bar .....	The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment.
Clearing and settlement .....	The Bonds are connected to the account-based system of Euroclear Sweden AB, Swedish reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Bondholders on a securities account (Sw. <i>VP-konto</i> ). No physical Bonds have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.
Risk factors .....	Investing in the Bonds involves substantial risks and prospective investors should refer to Section " <i>Risk Factors</i> " for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

# DESCRIPTION OF THE ISSUER AND THE GROUP

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## Overview of the Issuer

Legal and commercial name.....	Fingerprint Cards AB (publ)
Corporate reg. no. ....	556154-2381
LEI-code.....	5493004YF5D7Z612Z822
Date and place of registration....	25 November 1971, Sweden, with the Swedish Companies Registration Office (Sw. <i>Bolagsverket</i> )
Date of incorporation .....	19 August 1971
Legal form.....	Swedish public limited liability company
Jurisdiction and laws .....	The Issuer is registered with the Swedish Companies Registration Office and operates under the laws of Sweden including, but not limited to, the Swedish Companies Act (Sw. <i>aktiebolagslagen (2005:551)</i> ) and the Swedish Annual Accounts Act (Sw. <i>årsredovisningslagen (1995:1554)</i> )
Registered office .....	Gothenburg
Head office and visiting address	Kungsgatan 20, SE-411 19 Gothenburg, Sweden
Phone number.....	+ 46 (0)10-172 00 00
Website.....	www.fingerprints.com (the information provided at the Issuer's website does not form part of this Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority, unless explicitly incorporated by reference into the Prospectus)

## History and development

Year	Event
1971	<ul style="list-style-type: none"><li>• The Issuer was incorporated and registered with the Swedish Companies Registration Office</li></ul>
1997	<ul style="list-style-type: none"><li>• The Issuer's name is changes to Fingerprint Cards AB and it commences its current operations</li><li>• The first generation of the Issuer's capacitive area sensor is presented</li></ul>
1998	<ul style="list-style-type: none"><li>• The Issuer's shares are admitted to trading on Nya Marknaden (now under the name Nasdaq First North Growth Market)</li><li>• The Issuer presents its first fingerprint sensor in a cell phone prototype</li></ul>
1999	<ul style="list-style-type: none"><li>• The Issuer's first processor ASIC goes in production</li><li>• The Issuer presents its first touch sensor as plug-in to a mobile phone at the CEBIT exhibition</li></ul>
2000	<ul style="list-style-type: none"><li>• The Issuer's shares are listed on Nasdaq Stockholm.</li></ul>
2002	<ul style="list-style-type: none"><li>• Licensing agreements are entered into with multiple distributors, including Hardware &amp; Software Technology Co. Ltd for the Chinese and Taiwanese markets.</li></ul>
2003	<ul style="list-style-type: none"><li>• The Issuer launched its first swipe sensor.</li></ul>

- 2004
  - A major cost reduction is implemented which results in a leaner organisation.
- 2005
  - Chinese banks place the first order of the Issuer's fingerprint area sensor, which was used for easy and secure login and identification of personnel
- 2008
  - The Issuer's FPC1011F fingerprint area touch sensor is launched, produced together with leading silicon and packaging partners in Asia
- 2010
  - The Group launches a small and energy efficient fingerprint sensor for use in cell phones
- 2011
  - The Group enters into a framework agreement with cell phone manufacturers
- 2014
  - The Issuer release the world's first home button touch sensor for smartphones, FPC1150, using advanced silicon technology to greatly enhance the image quality
  - The Group acquires Fingerprint Cards Anacatum IP AB (then under the name of AnaCatum Design AB), a Swedish-based company specialising in technology licensing and ASIC development
- 2015
  - The Issuer launch its solutions in multiple smartphones from new brands and which support Google's integration of fingerprint sensors into their smartphones
  - The Issuer launch its second generation sensor solution, FPC1200-series, for placing the sensor under glass
  - The Issuer present the world's first sensor that support side-mounting on smartphones, the FPC1145, including integration with the power button
- 2017
  - The Group acquires Delta ID Inc, a California based developer of biometric authentication based on iris recognition for smartphones, PC, tablets and vehicles
- 2019
  - The Issuer signs a partnership agreement with Gemalto and secures the world's first volume order of fingerprint sensors for dual interface payment cards.
- 2021
  - The Group carries out a reorganisation which, inter alia, entails moving the Group's external invoicing function to Singapore
  - The Bonds are issued

## Business and operations

The Company commenced its business in 1997 on the foundation of a patent granted 15 years prior. The Group has offices in several different countries. The business idea is to develop biometric system comprising sensors, algorithms, software, and packaging technology. In addition, patent protection is an important part of the Group's business. As of today, the Group has four main business segments; Mobile, PC, Payments and Access.

**Mobile:** The Group develops capacitive fingerprint sensors, under-display sensors, and touchless solutions. The Group has historically focused on the market of capacitive fingerprint sensors, but the Group has firm ambitions to develop its product portfolio and capture a larger share in the market of under-display sensors. Capacitive fingerprint sensors for mobile phones accounted for some 90 percent of sales in 2020, and the Group consolidated its leading position during the year by further strengthening its product portfolio.

**PC:** The Group's technology is found in PCs from several leading PC manufacturers. In 2020, the Group launched a new solution in order to meet the rising demand for biometric solutions within the segment. The new product

can be used in many different types of PCs and peripherals, with three of the world’s five largest PC manufacturers already being customers. In January 2021, the Issuer announced the first major orders for its new PC solution from two top-tier manufacturers of Windows PCs.

**Payments:** The Group enjoys a strong market position, with the technology of the Group being used in all commercial launches and market trials of contactless biometric payment and credit cards publicly announced to date. Furthermore, the Group has established cooperation with the three largest providers of secure elements for the payment card industry.

**Access:** The technology of the Group can be used in, for example, door locks and access control systems. The Group continuously develops its product portfolio within this segment and, for example, has an exclusive partnership agreement with a leading automotive industry technology vendor to jointly develop biometric systems capable of authentication drivers using iris scanning.

## Material agreements

Neither the Issuer nor any other Group Company has entered into any material agreements that are not entered into in the ordinary course of its business, which could result in any Group Company being under an obligation or entitlement that is material to the Issuer’s ability to meet its obligations to the Bondholders under the Terms and Conditions.

## Overview of the Group

The Group consist of the Issuer and its direct and indirect subsidiaries, which are wholly owned by the Group and presented below.

Shareholders	Country
India Acquisition Holding Inc	USA
Delta ID Inc	USA
Fingerprint Cards Switzerland AG	Switzerland
Fingerprint Cards Sweden AB	Sweden
Fingerprint Cards Aps	Denmark
Fingerprint Cards Inc	USA
Fingerprint Cards Anacatum IP AB	Sweden
Fingerprint Cards (Shanghai) Co. Ltd	China
Fingerprint (Shanghai) Investment Co. Ltd	China
Fingerprint Cards Korea Co. Ltd	Korea
Fingerprint Cards Japan K.K	Japan
Fingerprint Cards Singapore Ltd	Singapore
Fingerprint Cards Taiwan Ltd	Taiwan
Fingerprint Security System Databärare Aktiebolag	Sweden

Following a reorganisation during 2021, the Group’s external invoicing is carried out by, and the revenues of the Issuer emanates from, the Issuer’s subsidiary Fingerprint Cards Singapore Ltd. The Issuer is thus dependent on its subsidiaries in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

## Recent events particular to the Issuer

Except for the issuance of the Bonds, there have been no recent events particular to the Issuer, which are to a material extent relevant to the evaluation of the Issuer’s solvency.

## Material adverse changes, significant changes and trend information

There has been no material adverse change in the prospects of the Issuer since the date of publication of its last audited financial report.

There have been no significant changes in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Prospectus and there have been no significant changes in the financial position of the Group which has occurred since the end of the last financial period for which the Group has published financial information, i.e. the period ending on 30 September 2021.

There has been no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for the current financial year.

### **Governmental, legal or arbitration proceedings**

The Group has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous twelve (12) months from the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

### **Credit rating**

No credit rating has been assigned to the Issuer.



# OWNERSHIP STRUCTURE

## Ownership structure

According to the articles of association, the Company's share capital shall be not less than SEK 6,000,000 and not more than SEK 24,000,000 divided into not less than 150,000,000 shares and not more than 600,000,000 shares. The Company's shares are denominated in SEK. As of the date of this Prospectus, the Company has an issued share capital of SEK 12,975,667 divided into 6,000,000 shares of series A and 292,000,000 shares of series B. Each share of series A carries ten votes and each share of series B carries one vote at general meetings in the Issuer. The Company's shares of series B are admitted to trading on Nasdaq Stockholm, with trading symbol FING B and ISIN SE0008374250. The table below sets out the ten largest shareholders of the Company as of 31 December 2021.

Shareholders	Number of shares	Share capital (%)	Votes (%)
Johan Carlström	21,000,000	7.0	21.5
GO ETF Solutions LLP	18,319,724	6.1	5.3
ETF Managers Group LLC	11,420,431	3.8	3.3
Avanza Pension	8,942,797	3.0	2.6
BlackRock	7,004,086	2.4	2.0
Svenska Handelsbanken AB for PB	3,525,500	1.2	1.0
Handelsbanken Fonder	2,598,594	0.9	0.7
Swedbank Robur Fonder	2,348,631	0.8	0.7
Swedbank Försäkring	2,291,463	0.8	0.7
Erik Svenonius	2,208,000	0.7	0.6
Other shareholders	79,659,226	26.7	61.0
<b>Total</b>	<b>298,000,000</b>	<b>100.00</b>	<b>100.00</b>

The largest indirect shareholder of the Issuer is the Company's chairman Johan Carlström who holds approximately 7 per cent. of the shares in the Issuer directly and indirectly through Velociraptor Ltd.

The shareholders' influence is exercised through active participation in the decisions made at the general meetings of the Issuer. To ensure that the control over the Issuer is not abused, the Issuer complies with the relevant laws in Sweden including among others the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). In addition, the Issuer acts in compliance with the rules of Nasdaq Stockholm Main Market Rulebook for Issuers of Shares and applies the Swedish Corporate Governance Code (Sw. *Svensk kod för bolagsstyrning*).

## Shareholders' agreements

There are no shareholders' agreements or other agreements which could result in a change of control of the Issuer.

# THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS

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## General

The division of duties between the board of directors and the CEO follows Swedish law and is set out in the rules of procedure for the board of directors and instructions for the CEO. The CEO is responsible for the Issuer's ongoing management and operations, reports to the board of directors and is required to manage the operations in accordance with the board of directors' guidelines and instructions as well as to provide the board with decision-aiding materials. The board of directors and the executive management may be contacted through the Issuer at its head office at Kungsgatan 20, SE-411 19 Gothenburg, Sweden.

## Board of directors

The section below presents the members of the board of directors, their position, including the year of their initial election and their significant assignments outside the Issuer, which are relevant for the Issuer.

### Members of the board of directors

#### Johan Carlström

Johan has been Chairman of the board of directors since 2018.

*Other relevant assignments:* Owner of Velociraptor Ltd.

#### Sofia Bertling

Sofia has been a member of the board of directors since 2019.

*Other relevant assignments:* Chairman of the board of directors and CEO of ReachIT Consulting AB and UTILizer AB. Member of the board of directors of SAM Nordic, LSI Beta, Magis Salutem AB and Zigned AB.

#### Ted Elvhage

Ted has been a member of the board of directors since 2018.

*Other relevant assignments:* Private investments in own companies. Co-owner and Chairman of the board of directors of Keiretsu Forum Nordics AB. Owner and member of the board of directors of Stockholms Affärsänglar Management AB, E14 Invest AB, and Gradientech AB.

#### Tomas Mikaelsson

Tomas has been a member of the board of directors since 2016.

*Other relevant assignments:* Member of the board of directors and CEO of Zetiq AB, member of the board of directors of Itaros AB, Sourcingprovider Sweden AB, and Scientific Freedom AB.

#### Alexander Kotsinas

Alexander has been a member of the board of directors since 2017.

*Other relevant assignments:* CFO at BioGaia AB.

#### Dimitrij Titov

Dimitrij has been a member of the board of directors since 2017.

*Other relevant assignments:* Lawyer and Managing Partner, Advokatfirman Titov & Partners.

Chairman of the board of directors of Forsheda Gruppen AB, Real Fastigheter AB (publ), the Italian Chamber of Commerce in Sweden, Italienska Handelskammarens Service AB, Din Studio Sverige AB and Phantome de Genolier AB. Member of the board of directors of Vrtcl Gaming Group Sweden AB and Järnlodet Fastigheter AB.

#### Juan Vallejo

Juan has been a member of the board of directors since 2018.

*Other relevant assignments:* Chairman of the board of directors of ITS Energy Group AB. Member of the board of directors of Mercuri International Group AB, TagMaster AB and Elajo Invest Aktiebolag (publ).

## **Executive management**

The section below presents the members of the executive management, including the year each person became a member of the executive management and their significant assignments outside the Issuer, which are relevant for the Issuer.

### **Members of the executive management**

#### **Christian Fredrikson**

Christian has been CEO since 2016.

*Other relevant assignments:* Board member of Remedy Entertainment Ltd, board member of SSH Communications Security Corporation. Christian is a member of the foundation for Åbo Akademi

#### **Per Sundqvist**

Per has been CFO since 2018.

*Other relevant assignments:* -

#### **Pontus Jägemalm**

Pontus has been CTO since 2019.

*Other relevant assignments:* -

#### **Ted Hanson**

Ted has been VP Business Line Mobile since 2017.

*Other relevant assignments:* -

#### **Thomas Rex**

Thomas has been Senior VP Special Projects since 2020.

*Other relevant assignments:* Chairman of the board of directors of Acconeer AB.

#### **Charles Burgeat**

Charles has been Senior VP Corporate Strategy and Portfolio Management since 2019.

*Other relevant assignments:* -

#### **Michel Roig**

Michel has been Senior VP Business Line Payments & Access since 2020.

*Other relevant assignments:* -

## **Conflicts of interests within administrative, management and control bodies**

None of the members of the board of directors or the executive management of the Issuer has a private interest that may be in conflict with the interests of the Issuer. However, certain members of the board of directors or the executive management of the Issuer have financial interests in the Issuer as a consequence of their holdings of shares in the Issuer. The members of the board of directors may serve as directors or officers of other companies or have significant shareholdings in other companies that may result in a conflict of interest. In the event that such conflict of interest arises at a board meeting, a board member which has such conflict will abstain from voting for or against the approval of such participation, or the terms of such participation. As far as the Issuer is aware, there are no conflicts of interest as of the date of this Prospectus.

Notwithstanding the above, it cannot be ruled out that other conflicts of interest may arise in the future between companies, in which members of the board of directors or the executive management of the Issuer have duties, and the Issuer.

## **Auditor**

The Issuer's auditor during the audit of the consolidated audited annual reports for the financial years ended 31 December 2019 and 31 December 2020 was MOORE KLN AB, with Ulf Lindesson as the auditor in charge. The Issuer's current auditor is BDO Mälardalen AB, with Johan Pharmanson and Carl-Johan Kjellman as the auditors in charge, and was elected auditor at the annual general meeting of the Issuer in 2021. The reason for changing the auditor to BDO Mälardalen AB was ordinary auditor succession.

Johan Pharmanson, Carl-Johan Kjellman and Ulf Lindesson are members of FAR (the professional institute for authorised public accountants in Sweden). The business address of BDO Mälardalen AB is Sveavägen 53, SE-113 59 Stockholm, Sweden. The business address of MOORE KLN AB is Lilla Bommen 4, SE-411 04 Gothenburg, Sweden.

# SUPPLEMENTARY INFORMATION

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## Information about the Prospectus

This Prospectus has been approved by the Swedish Financial Supervisory Authority as competent authority under Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority's approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus.

In addition, the Swedish Financial Supervisory Authority's approval shall not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

## Authorisations and responsibility

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the issuance of the Bonds and the performance of its obligations relating thereto. The issuance of the Bonds on 23 December 2021 was resolved upon by the board of directors of the Issuer on 16 December 2021.

The board of directors of the Issuer is responsible for the information contained in the Prospectus. The board of directors of the Issuer declares that, to the best of its knowledge, the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The board of directors of the Issuer is responsible for the information given in the Prospectus only under the conditions and to the extent set forth in Swedish law.

## Information from third parties

Any information in this Prospectus which has been sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## Interest of natural and legal persons involved in the bond issue

The Issuer's financial advisor in the connection with the issuance of the Bonds, Carnegie Investment Bank AB (publ) (and/or its affiliates) have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of Carnegie Investment Bank AB (publ) and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Documents available for inspection

Copies of the following documents are available in paper format at the Issuer's head office during the validity period of this Prospectus and are available in electronic format at the Issuer's website, [www.fingerprints.com](http://www.fingerprints.com) (the information provided at the Issuer's website does not form part of this Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority, unless explicitly incorporated by reference into the Prospectus).

- The Issuer's articles of association.
- The Issuer's certificate of registration.
- The Group's consolidated audited annual report for the financial year ended 31 December 2019, including the applicable audit report.
- The Group's consolidated audited annual report for the financial year ended 31 December 2020, including the applicable audit report.

# FINANCIAL INFORMATION

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## Historical financial information

The Group's consolidated audited annual reports for the financial years ended 31 December 2019 and 31 December 2020 have been incorporated in this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

All financial information in this Prospectus relating to the financial period 1 January – 31 December 2019 or as of 31 December 2019 derives from the Group's consolidated audited annual report for the financial year ended 31 December 2019. All financial information in this Prospectus relating to the financial period 1 January – 31 December 2020, as of 31 December 2020 or as of year-end 2020 derives from the Group's consolidated audited annual report for the financial year ended 31 December 2020.

## Accounting standards

The financial information for the financial year ended 31 December 2019 and 2020 have been prepared in accordance with Swedish generally accepted accounting principles (Sw. *god redovisningssed*), the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. In addition, Swedish Financial Reporting Board recommendation RFR 1, Supplementary Reporting Rules for Groups, has been applied.

## Auditing of the historical financial information

The Group's consolidated audited annual reports for the financial year ended 31 December 2019 and 2020 have been audited by MOORE KLN AB, with Ulf Lindesson as the auditor in charge. Unless otherwise explicitly stated, no other information contained in this Prospectus has been audited or reviewed by the Issuer's auditor.

## Incorporation by reference

The following information in the Group's consolidated audited annual reports for the financial years ended 31 December 2019 and 31 December 2020 is incorporated in this Prospectus by reference and is available at the Issuer's website, <https://www.fingerprints.com/investors/reports-presentations/annual-reports/>. For particular financial figures, please refer to the pages set out below.

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# Terms and Conditions for the Bonds

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## TERMS AND CONDITIONS



## FINGERPRINTS

**FINGERPRINT CARDS AB (PUBL)**  
**MAXIMUM SEK 500,000,000**  
**SENIOR SECURED CALLABLE FLOATING RATE**  
**BONDS 2021/2024**

ISIN: SE0017071855

First Issue Date: 23 December 2021



## **SELLING RESTRICTIONS**

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No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.

## **PRIVACY STATEMENT**

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Each of the Issuer, the Agent and the Issuing Agent may collect and process personal data relating to the Bondholders, the Bondholders' representatives or agents, and other persons nominated to act on behalf of the Bondholders pursuant to these Terms and Conditions (name, contact details and, when relevant, holding of Bonds). The personal data relating to the Bondholders is primarily collected from the registry kept by the CSD. The personal data relating to other Persons is primarily collected directly from such Persons.

The personal data collected will be processed by the Issuer, the Agent and/or the Issuing Agent (as applicable) for the following purposes: (i) to exercise its rights and fulfil its obligations under these Terms and Conditions and the Agency Agreement; (ii) to manage the administration of the Bonds and payments under the Bonds; (iii) to enable the Bondholders to exercise their rights under these Terms and Conditions; and (iv) to comply with its obligations under applicable laws and regulations.

The processing of personal data by Issuer, the Agent and the Issuing Agent in relation to items (i) to (iii) above is based on their respective legitimate interests to exercise its rights and to fulfil its obligations under these Terms and Conditions and the Agency Agreement. In relation to item (iv), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer, the Agent and/or the Issuing Agent (as applicable). Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of Issuer, the Agent or the Issuing Agent (as applicable). In addition, data subjects have the right to: (i) request that personal data is rectified or erased; (ii) object to specific processing; (iii) request that the processing be restricted; and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's, the Agent's and the Issuing Agent's addresses, and the contact details for their respective data protection officers (if applicable), are found on their respective websites: [www.fingerprints.com](http://www.fingerprints.com), [www.intertrustgroup.com](http://www.intertrustgroup.com) and [www.carnegie.se](http://www.carnegie.se).

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# TERMS AND CONDITIONS

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”):

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Central Securities Depositories and Financial Instruments Accounts Act and through which a Bondholder has opened a Securities Account in respect of its Bonds.

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

“**Adjusted Nominal Amount**” means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time *less* the aggregate Nominal Amount of all Bonds owned by the Issuer, a Group Company or an Affiliate of the Issuer or a Group Company, irrespective of whether such Person is directly registered as owner of such Bonds.

“**Advance Purchase Agreement**” means:

- (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than 120 calendar days after the date of supply; or
- (b) any other trade credit incurred or provided in the ordinary course of business.

“**Affiliate**” means, in respect of any Person, any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, “**control**” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Agency Agreement**” means the agency agreement entered into between the Agent and the Issuer on or prior to the First Issue Date regarding, *inter alia*, the remuneration payable by the Issuer to the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an Agent.

“**Agent**” means Intertrust (Sweden) AB (reg. no. 556625-5476, Sveavägen 9, 10<sup>th</sup> floor, SE-111 57 Stockholm, Sweden) or another party replacing it as Agent in accordance with the Finance Documents.

“**Annual Report**” means the annual audited consolidated Financial Statements of the Group.

“**Base Rate**” means 3-month STIBOR or any reference rate replacing STIBOR in accordance with Clause 25 (*Base Rate Replacement*).

“**Base Rate Administrator**” means Swedish Financial Benchmark Facility AB (SFBF) in relation to STIBOR or any person replacing it as administrator of the Base Rate.

“**Board/Management Event**” means the situation where a board member or a senior executive of the Issuer, after being sentenced for a crime for which imprisonment may be prescribed and such board member or senior executive, remains board member or senior executive (as applicable) on the date falling 60 calendar days of such sentencing.

“**Bond**” means debt instruments (Sw. *skuldförbindelser*), each for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act, issued by the Issuer under these Terms and Conditions.

“**Bondholder**” means the Person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond.

“**Bondholders’ Meeting**” means a meeting among the Bondholders held in accordance with Clause 19 (*Bondholders’ Meeting*).

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

“**Business Day Convention**” means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

“**Call Option Amount**” means:

- (a) The sum of (i) 104.50 per cent. of the Nominal Amount and (ii) the remaining interest payments up to and including the First Call Date, if the call option is exercised on or after the First Issue Date to, but not including, the First Call Date;
- (b) 104.50 per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date to, but not including, the date falling twenty-four (24) months after the First Issue Date;
- (c) 102.25 per cent. of the Nominal Amount if the call option is exercised on or after the date falling twenty-four (24) months after the First Issue Date to, but not including, the date falling thirty (30) months after the First Issue Date; and
- (d) subject to paragraph (e) below, 100.90 per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty (30) months after the First Issue Date to, but not including, the Final Redemption Date; or
- (e) 100.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-three (33) months after the First Issue Date up to (but not including) the Final Redemption Date, provided that such early redemption is financed in part or in full by way of the Issuer issuing Market Loan(s) in one or several issues.

For the purpose of calculating the remaining Interest payments pursuant to paragraph (a) above, it shall be assumed that the Interest Rate for the period from the relevant Record Date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant Record Date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

“**Cash and Cash Equivalents**” means the cash and cash equivalents in accordance with the Accounting Principles.

“**Central Securities Depositories and Financial Instruments Accounts Act**” means the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument).

“**Change of Control Event**” means the occurrence of an event or series of events whereby one or more Persons, acting in concert, acquire control over the Issuer and where “**control**” means (a) acquiring or controlling, directly or indirectly, more than 50.00 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 1 (*Form of Compliance Certificate*) unless otherwise agreed between the Agent and the Issuer.

“**Conditions Precedent**” means (i) all documents and evidence required to be delivered by the Issuer pursuant to Clause 5.1 (*Conditions Precedent to First Issue Date*), or (ii) all documents and evidence required to be delivered by the Issuer pursuant to Clause 5.2 (*Conditions Precedent for a Subsequent Bond Issue*).

“**Conditions Subsequent**” means all documents and evidence required to be delivered by the Issuer pursuant to Clause 5.3 (*Conditions Subsequent*).

“**Consolidated EBITDA**” means, in respect of the Reference Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Statements (without double counting):

- (a) *before deducting* any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) *before deducting* any Net Finance Charges;
- (c) *before taking into account* any exceptional items and any non-recurring items which are not in line with the ordinary course of business of the Group (“**Exceptional Items**”), in an aggregate amount not exceeding 10.00 per cent. of Consolidated EBITDA for the relevant Reference Period (prior to any adjustments for Exceptional Items);
- (d) *before taking into account* any Transaction Costs;
- (e) *not including* any accrued interest owing to any Group Company;
- (f) *before taking into account* any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) *after adding back or deducting*, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) *after deducting* the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;

- (i) *plus or minus* the Group's share of the profits or losses of entities which are not part of the Group; and
- (j) *after adding back* any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group (including any amortisation or impairment of any goodwill arising on any acquisition).

“**CSD**” means the Issuer's central securities depository and registrar in respect of the Bonds from time to time; initially Euroclear Sweden AB (reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden).

“**Cure Amount**” has the meaning set forth in Clause 14.4 (*Equity Cure*).

“**De-listing Event**” means the occurrence of an event or series of events whereby :

- (a) the Issuer's shares are not listed and admitted to trading on Nasdaq Stockholm or another Regulated Market or trading of the Issuer's shares on the aforementioned stock exchanges is suspended for a period of fifteen (15) consecutive Business Days; or
- (b) the Bonds, once the Bonds are admitted to trading on Nasdaq Stockholm or another Regulated Market, are no longer admitted to trading or listed thereon or another Regulated Market (however, taking into account the rules and regulations (as amended from time to time) of the relevant Regulated Market, and the CSD preventing trading in the Bonds in close connection to the redemption of the Bonds).

“**Equity Cure**” has the meaning set forth in Clause 14.4 (*Equity Cure*).

“**Event of Default**” means an event or circumstance specified as such in Clause 16 (*Termination of the Bonds*).

“**Excluded Jurisdictions**” means any jurisdiction located in the People's Republic of China.

“**Final Redemption Date**” means 23 December 2024.

“**Finance Charges**” means, for the Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any Group Company according to the latest Financial Statements (calculated on a consolidated basis) other than Transaction Costs and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

“**Finance Documents**” means these Terms and Conditions, the Transaction Security Documents, the Guarantee and Adherence Agreement, the Agency Agreement and any other document designated by the Issuer and the Agent or Security Agent as a Finance Document.

“**Finance Lease**” means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Principles, be treated as a balance sheet liability.

“**Financial Indebtedness**” means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any Finance Lease;

- (c) receivables sold or discounted (other than on a non-recourse basis);
- (d) any amount raised under any other transaction (including forward sale or purchase arrangements) having the commercial effect of a borrowing (including, for the avoidance of doubt, interest bearing earn-outs from acquisitions, but excluding performance based earn-outs from acquisitions);
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in paragraphs (a) to (f) above.

**“Financial Statements”** means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to Clauses 13.1(a) and 13.1(b).

**“First Call Date”** means the date falling eighteen (18) months after the Issue Date.

**“First Issue Date”** means 23 December 2021.

**“Force Majeure Event”** has the meaning set forth in Clause 29.1.

**“FPC Anacatum”** means Fingerprint Cards Anacatum IP AB (reg. no. 556779-5371).

**“FPC AG”** means Fingerprint Cards Switzerland AG (reg. no. CHE-212.234.132).

**“FPC China”** means Fingerprint Cards (Shanghai) Co., Ltd (reg. no. 91310115MA1H7H9E0G).

**“FPC Singapore”** means Fingerprint Cards Singapore Ltd (reg. no. 202036482D).

**“Group”** means the Issuer and each of its Subsidiaries from time to time.

**“Group Company”** means the Issuer or any of its Subsidiaries.

**“Guarantee”** means the guarantees provided by the Guarantors under the Guarantee and Adherence Agreement.

**“Guarantee and Adherence Agreement”** means the guarantee and adherence agreement entered into or to be entered into between the Issuer, each Guarantor and the Agent pursuant to which the Secured Obligations will be guaranteed by the Guarantors.

**“Guarantor”** means the Initial Guarantors and any Group Companies acceding to the Guarantee and Adherence Agreement as Guarantors pursuant to Clause 15.10 (*Additional Security and Guarantees*).

**“Guarantor Coverage Threshold”** means the threshold which is attained if the aggregate earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) of the Guarantors and the Issuer in aggregate represent at least eighty-five (85.00) per cent. of the consolidated EBITDA of the Group (excluding any EBITDA attributed to any Group Company incorporated in the Excluded Jurisdiction).

**“Incurrence Test”** has the meaning set forth in Clause 14.2 (*Incurrence Test*).

**“Initial Bond Issue”** has the meaning set forth in Clause 3.1.

**“Initial Bonds”** means the Bonds issued on the First Issue Date.

**“Initial Guarantors”** means FPC Anacatum, Fingerprint Cards Aps (reg. no. 35 52 43 55), Delta ID Inc (reg. no. 27-5467351), FPC AG and FPC Singapore.

**“Initial Nominal Amount”** has the meaning set forth in Clause 3.2.

**“Interest”** means the interest on the Bonds calculated in accordance with Clauses 11.1 to 11.3.

**“Interest Payment Date”** means 23 March, 23 June, 23 September and 23 December each year, with the first Interest Payment Date on 23 March 2022 and the last Interest Payment Date being the Final Redemption Date (or any final Redemption Date prior thereto) or, to the extent any such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

**“Interest Period”** means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant). Any Subsequent Bonds will carry interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to their issuance to, and including, the next succeeding Interest Payment Date.

**“Interest Rate”** means the Base Rate plus the Margin, as adjusted by any application of Clause 25 (*Base Rate Replacement*).

**“Intragroup Loan”** means any intra-group loan provided by a Group Company (excluding any Group Company incorporated in an Excluded Jurisdiction) to a Group Company.

**“Issue Date”** means the First Issue Date or any subsequent date when a Subsequent Bonds Issue takes place.

**“Issuer”** means Fingerprint Cards AB (publ) (reg. no. 556154-2381, Kungsgatan 20, SE-411 19 Göteborg, Sweden), a public limited liability company incorporated in Sweden.

**“Issuing Agent”** means Carnegie Investment Bank AB (publ) (reg. no. 516406-0138) or another party replacing it as Issuing Agent in accordance with these Terms and Conditions.

**“Listing Failure Event”** means the situation where:

- (a) the Bonds issued under the Initial Bond Issue are not admitted to trading on Nasdaq Stockholm or another Regulated Market within 60 calendar days from the First Issue Date; or



- (b) any Subsequent Bonds are not admitted to trading on Nasdaq Stockholm or another Regulated Market on which any previously issued Bonds are admitted to trading within 60 calendar days from the relevant issue date of such Subsequent Bonds (although the Issuer's intention is to have any issued Bonds admitted to trading within 30 calendar days from the relevant issue date)

“**Maintenance Test**” means the maintenance test set out in Clause 14.1 (*Maintenance Test*).

“**Margin**” means 9.00 per cent. *per annum*.

“**Market Loan**” means any loan or other indebtedness where an entity issues commercial papers, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on a Market Place.

“**Market Place**” means a Regulated Market or an MTF.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, financial condition or operations of the Group taken as a whole;
- (b) the Group's ability to perform and comply with its payment obligations under the Finance Documents; or
- (c) the validity or enforceability of the Finance Documents.

“**Material Disposal Event**” means occurrence of an event whereby the aggregate net cash proceeds (after deducting taxes, transaction costs, deferred consideration and provisions for liability reasonably incurred in connection with the disposal) received by the Group from disposals of intellectual property rights or other assets held by the Group (excluding any disposals of trading stock or in the ordinary course of business, intra-group transactions and disposals of cash and cash equivalent investments) carried out after the First Issue Date exceeds SEK 100,000,000.

“**Material Group Company**” means

- (a) the Issuer; and
- (b) any other Group Company with (i) earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA) representing 5.00 per cent. or more of Consolidated EBITDA or (ii) assets representing five 5.00 per cent. or more of Total Assets of the Group, in each case calculated *pro forma* including any entities acquired or disposed of (including, for the avoidance of doubt entities wound up by way of solvent or insolvent liquidation) by the Group during the Reference Period, in each case calculated on basis of the Reference Period ending on the last day of the period covered by the most recent Financial Statements, on a consolidated basis according to the latest Financial Statements.

“**MTF**” means any multilateral trading facility (as defined in Directive 2014/65/EU on markets in financial instruments (MiFID II), as amended).

“**Net Finance Charges**” means, for the Reference Period, the Finance Charges according to the latest Financial Statements:

- (a) *after deducting* any interest payable for that Reference Period to any Group Company; and
- (b) *after deducting* any interest income relating to Cash and Cash Equivalents of the Group.

“**Net Interest Bearing Debt**” means the aggregate consolidated interest bearing Financial Indebtedness of the Group:

- (a) *excluding* any interest bearing Financial Indebtedness borrowed from any Group Company;
- (b) *less* Cash and Cash Equivalents of the Group; and
- (c) in relation to any Incurrence Test only, *excluding* the Net Proceeds from the Initial Bond Issue.

“**Net Proceeds**” means the proceeds from the Initial Bond Issue, after deduction has been made for any Transaction Costs in respect of the Initial Bond Issue.

“**Nominal Amount**” means in respect of each Bond the Initial Nominal Amount less the amount of any repayments made.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“**Permitted Financial Indebtedness**” means any Financial Indebtedness:

- (a) incurred under the Finance Documents (save for any Subsequent Bonds);
- (b) incurred by the Issuer if such Financial Indebtedness:
  - (i) is incurred as a result of a Subsequent Bond Issue and meets the Incurrence Test on a *pro forma* basis; or
  - (ii) is subordinated to the obligations of the Issuer under the Finance Documents, meets the Incurrence Test on a *pro forma* basis and has a final maturity date or final redemption date and, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;
- (c) subject to Clause 15.5 (*Clean down period*), incurred under any working capital facility provided to any Group Company for working capital and general corporate purposes of the Group (and any refinancing, amendment or replacements thereof), amended from time to time (as the case may be), in an aggregate outstanding amount which does not at any time exceed the higher of (i) SEK 25,000,000 (or its equivalent in any other currency or currencies) and (ii) 20 per cent. of EBITDA, where EBITDA shall be adjusted in accordance with Clause 14.3 (*Calculation Principles*) (the “**Working Capital Facility**”);
- (d) taken up from a Group Company;

- (e) arising under any guarantee which constitutes Permitted Security;
- (f) arising under a derivative transaction entered into by a Group Company in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under the Finance Documents (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes);
- (g) incurred in the ordinary course of business of the Group under an Advance Purchase Agreement;
- (h) incurred as a result of an advance payment to any Group Company by a customer of such Group Company;
- (i) related to any agreements under which the Issuer or a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided that such Financial Indebtedness is incurred in the ordinary course of the Issuer's or any Group Company's business;
- (j) incurred pursuant to any Finance Leases entered into in the ordinary course of the Group's business in a maximum aggregate amount not at any time exceeding SEK 3,000,000;
- (k) under any pension liabilities incurred in the ordinary course of business;
- (l) incurred as a result of any Group Company acquiring another entity which holds Financial Indebtedness, provided that the Incurrence Test is met (calculated *pro forma* including the acquired entity's indebtedness in question), provided however that such indebtedness is refinanced no later than sixty (60) calendar days from the completion of the relevant acquisition with Financial Indebtedness that constitutes Permitted Financial Indebtedness;
- (m) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, inter alia, the redemption of the Bonds; or
- (n) any other Financial Indebtedness not otherwise permitted by paragraphs (a) to (m) above, in an aggregate amount at any time not exceeding SEK 10,000,000 (or its equivalent in any other currency or currencies) ("**Permitted Basket**").

"**Permitted Security**" means any Security:

- (a) provided in accordance with the Finance Documents;
- (b) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including cash pool arrangements;
- (c) provided in relation to any agreement under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided such lease constitutes Permitted Financial Indebtedness;

- (d) provided in relation to paragraph (f) of the definition Permitted Financial Indebtedness and provided for interest rate hedging transactions set out in paragraph (f) of the definition Permitted Financial Indebtedness;
- (e) arising by operation of law or in the ordinary course of business of the Group (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (f) provided in relation to any Finance Lease permitted pursuant to paragraph (j) of the definition of Permitted Financial Indebtedness;
- (g) provided in relation to any Working Capital Facility, provided that any security so provided does not also constitute Transaction Security;
- (h) incurred as a result of any Group Company acquiring another entity which has provided security over any of its assets, provided that the debt secured with such security is Permitted Financial Indebtedness in accordance with paragraph (l) of the definition Permitted Financial Indebtedness;
- (i) (i) provided in the form of a pledge over an escrow account to which the proceeds from a refinancing of the Bonds are to be transferred or (ii), always subject to paragraph (j) below, agreed to be provided for the benefit of the financing providers in relation to a refinancing of the Bonds in full (a “**Refinancing**”);
- (j) created for the benefit of the financing providers in relation to a Refinancing, however provided always that any perfection requirements in relation thereto are satisfied after full repayment of the Bonds;
- (k) in the form of any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability in the ordinary course of business of a Group Company;
- (l) in the form of liabilities under any guarantee issued for a Group Company’s obligations; or
- (m) provided in relation to the Permitted Basket and not consisting of security interest in shares of any Group Company or, if provided in relation to financial leasing arrangements, is granted only in the leased asset in question.

“**Quotation Day**” means (i) in relation to an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or, in respect of the first Interest Period, two (2) Business Days before the First Issue Date), or (ii) in relation to any other period for which an Interest Rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5<sup>th</sup>) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 17 (*Distribution of proceeds*), (iv) the date of a Bondholders’ Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 12 (*Redemption and repurchase of the Bonds*).

“**Reference Date**” means 31 March, 30 June, 30 September and 31 December each year.

“**Reference Period**” means each period of twelve (12) consecutive calendar months ending on a Reference Date.

“**Regulated Market**” means any regulated market (as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended).

“**Secured Obligations**” means all present and future obligations and liabilities of the Issuer and each Guarantor to the Secured Parties under the Finance Documents, together with all costs, charges and expenses incurred by any Secured Parties in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents, or any other document evidencing such liabilities.

“**Secured Parties**” means the Security Agent, the Agent and the Bondholders.

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Central Securities Depositories and Financial Instruments Accounts Act in which (i) an owner of such Security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any Person, or any other agreement or arrangement having a similar effect.

“**Security Agent**” means Intertrust (Sweden) AB (reg. no. 556625-5476, Sveavägen 9, 10th floor, SE-111 57 Stockholm, Sweden ).

“**SEK**” means the lawful currency of Sweden for the time being.

“**STIBOR**” means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for the offering of deposits in Swedish Kronor and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Refinitiv screen (or through such other system or on such other page as replaces the said system or page) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) above is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Refinitiv screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor;
- (c) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or

- (d) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero (0), STIBOR will be deemed to be zero (0).

“**Subsequent Bond**” means any Bonds issued after the First Issue Date on one or more occasions.

“**Subsequent Bond Issue**” has the meaning set forth in Clause 3.6.

“**Subsidiary**” means, in relation to a Person, any legal entity (whether incorporated or not), in respect of which that Person, directly or indirectly:

- (a) owns shares or ownership rights representing more than 50.00 per cent. of the total number of votes held by the owners;
- (b) otherwise controls more than 50.00 per cent. of the total number of votes held by the owners;
- (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body; or
- (d) exercises control, as determined in accordance with the Accounting Principles.

“**Total Assets**” means the total assets of the Group calculated on a consolidated basis, in each case according to the latest consolidated Financial Statements of the Group and in accordance with the Accounting Principles.

“**Transaction Costs**” means all fees, costs and expenses incurred by the Issuer or any other Group Company directly or indirectly in connection with (i) the Initial Bond Issue and any Subsequent Bond Issue, (ii) the admission to trading of the Bonds and (iii) acquisitions and/or divestments of Group Companies or otherwise of material assets.

“**Transaction Security**” means first ranking security on the terms set out in the relevant Transaction Security Document securing all amounts outstanding under the Finance Documents in respect of the Bonds, plus accrued interest, costs, fees and expenses, initially being:

- (a) security in respect of all shares in each Initial Guarantor;
- (b) security in respect of a floating charge issued over FPC Singapore’s inventory;
- (c) security over all present and future Intragroup Loans; and
- (d) any additional security provided in accordance with Clause 15.10 (*Additional Security and Guarantees*).

“**Transaction Security Documents**” means the transaction security documents pursuant to which the Transaction Security is created and any other document designated as a Transaction Security Document by the Issuer and the Security Agent.

“**Working Capital Facility**” has the meaning set forth in paragraph (g) of the definition Permitted Financial Indebtedness.

**“Written Procedure”** means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 20 (Written Procedure).

## 1.2 **Construction**

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) **“assets”** includes present and future properties, revenues and rights of every description;
- (b) a **“Finance Document”** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
- (c) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (d) a **“regulation”** includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (e) a provision of law is a reference to that provision as amended or re-enacted; and
- (f) a time of day is a reference to Stockholm time.

1.2.2 An Event of Default is continuing if it has not been remedied or waived.

1.2.3 When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. Riksbanken) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.

1.2.5 No delay or omission of the Agent, the Security Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## 2. **STATUS OF THE BONDS**

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.

## 3. **THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS**

3.1 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions.

3.2 The aggregate nominal amount of the bond loan will be an amount of up to SEK 500,000,000, which will be represented by Bonds each of a nominal amount of SEK 1,250,000 or full

multiples thereof (the “**Initial Nominal Amount**”). The total aggregate nominal amount of the Initial Bonds is SEK 300,000,000 (the “**Initial Bond Issue**”)

- 3.3 The ISIN for the Bonds is SE0017071855.
- 3.4 All Initial Bonds are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount. The price of Subsequent Bonds may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount.
- 3.5 The minimum permissible investment in connection with the Initial Bond Issue and any Subsequent Bond Issue is SEK 1,250,000.
- 3.6 The Issuer may at one or more occasions issue Subsequent Bonds (each such issue, a “**Subsequent Bond Issue**”) amounting to in total up to the difference of SEK 500,000,000 and the volume issued in the Initial Bond Issue and any previous Subsequent Bond Issue, provided that the Issuer meets the Incurrence Test (tested on a *pro forma* basis). Any Subsequent Bonds shall benefit from and be subject to the Finance Documents and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and the Final Redemption Date applicable to the Initial Bonds shall also apply to Subsequent Bonds.
- 3.7 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 3.8 By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds each subsequent Bondholder confirms such agreement.

#### **4. USE OF PROCEEDS**

The net proceeds from the Initial Bond Issue and any Subsequent Bond Issue shall be applied towards general corporate purposes of the Group (including acquisitions).

#### **5. CONDITIONS PRECEDENT AND CONDITIONS SUBSEQUENT**

##### **5.1 Conditions Precedent to First Issue Date**

- 5.1.1 The Issuer shall provide to the Agent, as soon as reasonably possible but in any event no later than 11.00 a.m. two (2) Business Days prior to the First Issue Date (or such later time as agreed by the Agent), in form and substance satisfactory to the Agent (acting reasonably):
  - (a) copies of the constitutional documents of the Issuer;
  - (b) a copy of a resolution of the board of directors of the Issuer:
    - (i) approving the terms of, and the transactions contemplated by, the Finance Documents (other than the Transaction Security Documents and the Guarantee and Adherence Agreement) to which it is a party and resolving that it executes, delivers and performs such Finance Documents;
    - (ii) authorising a specified person or persons to execute the Finance Documents (other than the Transaction Security Documents and the Guarantee and Adherence Agreement) on its behalf; and



- (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents (other than the Transaction Security Documents and the Guarantee and Adherence Agreement) to which it is a party;
  - (c) a duly executed copy of these Terms and Conditions;
  - (d) a duly executed copy of the Agency Agreement; and
  - (e) an agreed form Compliance Certificate.
- 5.1.2 The Agent shall promptly, but in any event no later than 11.00 a.m. one (1) Business Day prior to the First Issue Date (or such later time as agreed to by the Issuing Agent), confirm to the Issuing Agent when the conditions set out above have been satisfied (or amended or waived in accordance with the Terms and Conditions).
- 5.1.3 Following receipt by the Issuing Agent of the confirmations referred to above, the Issuing Agent shall settle the issuance of the Bonds issued in the Initial Bond Issue and pay the Net Proceeds from the Initial Bond Issue to the Issuer on the First Issue Date.
- 5.2 **Conditions Precedent for a Subsequent Bond Issue**
- 5.2.1 The Issuer shall provide to the Agent, as soon as reasonably possible but in any event no later than 11.00 a.m. two (2) Business Days prior to the Issue Date in relation to the relevant Subsequent Bond Issue (or such later time as agreed by the Agent), in form and substance satisfactory to the Agent (acting reasonably):
  - (a) copies of the constitutional documents of the Issuer;
  - (b) a copy of a resolution of the board of directors of the Issuer approving the Subsequent Bond Issue and resolving to execute and perform any document necessary in connection therewith; and
  - (c) a duly executed copy of a Compliance Certificate from the Issuer certifying that, so far as it is aware, no Event of Default is continuing or would result from the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing or from the Subsequent Bond Issue, and that the Incurrence Test is met, including calculations and figures in respect of the Incurrence Test.
- 5.2.2 The Agent shall promptly, but in any event no later than 11.00 a.m. one (1) Business Day prior to the relevant Issue Date (or such later time as agreed to by the Issuing Agent), confirm to the Issuing Agent when the conditions set out above have been satisfied (or amended or waived in accordance with the Terms and Conditions).
- 5.2.3 Following receipt by the Issuing Agent of the confirmations referred to above, the Issuing Agent shall settle the issuance of the Bonds issued in the relevant Subsequent Bond Issue and pay the Net Proceeds from the Subsequent Bond Issue to the Issuer on the relevant Issue Date.
- 5.3 **Conditions Subsequent**
- 5.3.1 The Issuer shall ensure that the following documents in form and substance satisfactory to the Agent (acting reasonably) are received by the Agent no later than 90 days from the First Issue

Date or such longer time required for the delivery of the following documents (it being understood that the Issuer shall use its best efforts to deliver the following documents within 90 days from the First Issue Date):

- (a) copies of the constitutional documents for the Issuer, the Initial Guarantors and each pledgor pursuant to the Transaction Security Documents;
- (b) copies the resolutions of the board of the Issuer, the Initial Guarantors and each pledgor pursuant to the Transaction Security Documents:
  - (i) approving the terms of, and the transactions contemplated by, the Transaction Security Documents and/or Guarantee and Adherence Agreement (as applicable) to which it is a party and resolving that it executes, delivers and performs the Transaction Security Documents and/or Guarantee and Adherence Agreement ( as applicable) to which it is a party;
  - (ii) authorising a specified person or persons to execute the Transaction Security Documents and/or Guarantee and Adherence Agreement (as applicable) on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Transaction Security Documents and/or Guarantee and Adherence Agreement (as applicable) to which it is a party;
- (c) duly executed copies of the Transaction Security Documents, including evidence that all documents that shall be delivered to the Agent pursuant to such Transaction Security Document and all perfection requirements thereunder have been delivered in accordance with the terms of such Transaction Security Document;
- (d) a duly executed copy of the Guarantee and Adherence Agreement; and
- (e) in relation to any party to a Transaction Security Document and/or Guarantee and Adherence Agreement referred to above not incorporated in Sweden or the Transaction Security Documents and/or Guarantee and Adherence Agreement governed by non-Swedish law, a legal opinion on legal capacity, due execution and enforceability issued to the Agent by a reputable law firm and in form and substance satisfactory to the Agent acting reasonably.

#### 5.4 **No responsibility for documentation**

The Agent may assume that the documentation and evidence delivered to it is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation or evidence. The conditions precedent and conditions subsequent are not reviewed by the Agent from a legal or commercial perspective of the Bondholders.

## **6. TRANSACTION SECURITY AND GUARANTEES**

### **6.1 Transaction Security**

- 6.1.1 As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants, and shall procure that each other Group Company (as applicable) grants, the Transaction Security as first ranking Security to the Secured Parties as represented by the Agent at the times set out in these Terms and Conditions. The Transaction Security shall be provided and perfected pursuant to, and subject to the terms of, the Transaction Security Documents.
- 6.1.2 The Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Transaction Security Documents.
- 6.1.3 The Issuer shall ensure that first ranking Security is granted in favour of the Secured Parties in accordance with and at the times stipulated in Clause 5.3 (*Conditions Subsequent*) and Clause 15.10 (*Additional Security and Guarantees*) in respect of the Transaction Security
- 6.1.4 Unless and until the Agent has received instructions from the Bondholders in accordance with Clauses 18 (*Decisions by Bondholders*), 19 (*Bondholders' Meeting*) and 20 (*Written Procedure*), the Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling Bondholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents.
- 6.1.5 The Issuer shall ensure that each Guarantor will, at the time set out in these Terms and Conditions, irrevocably and unconditionally, in accordance with Swedish law to the extent permissible, as principal obligor (Sw. *proprieborgen*), guarantee to the Agent and the Bondholders the punctual performance of the Secured Obligations in accordance with and subject to the Guarantee and Adherence Agreement.
- 6.1.6 The Agent shall hold the Guarantees on behalf of the Secured Parties in accordance with the Guarantee and Adherence Agreement.
- 6.1.7 The Transaction Security and the Guarantees shall be subject to, and limited as required by, financial assistance regulations, fraudulent conveyance regulations and other corporate law limitations.

### **6.2 Further assurance**

- 6.2.1 Subject to the Transaction Security Documents, the Issuer shall, and shall ensure that each other Group Company will, promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Agent may reasonably specify (and in such form as the Agent may reasonably require in favour of the Agent or its nominee(s)):
- (a) to perfect the Transaction Security created or intended to be created or for the exercise of any rights, powers and remedies of the Secured Parties provided by or pursuant to the Finance Documents or by law; and/or

(b) to (after the Transaction Security has become enforceable) facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.

6.2.2 Subject to the Transaction Security Documents, the Issuer shall (and shall ensure that each other member of the Group will) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Transaction Security conferred or intended to be conferred on the Secured Parties by or pursuant to the Finance Documents.

### 6.3 **Enforcement**

6.3.1 If the Bonds are declared due and payable according to Clause 16 (*Termination of the Bonds*), or following the Final Redemption Date, the Agent is, without first having to obtain the Bondholders' consent, entitled to enforce the Transaction Security in such manner and under such conditions that the Agent finds acceptable (if in accordance with the Transaction Security Documents).

6.3.2 If a Bondholders' Meeting has been convened, or a Written Procedure has been instigated, to decide on the termination of the Bonds and/or the enforcement of all or any of the Transaction Security, the Agent is obligated to take actions in accordance with the Bondholders' decision regarding the Transaction Security. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in the Finance Documents, the Agent shall not enforce the Transaction Security. If the Bondholders, without any prior initiative from the Agent or the Issuer, have made a decision regarding termination of the Bonds and enforcement of the Transaction Security in accordance with the procedures set out in Clause 18 (*Decisions by Bondholders*), the Agent shall promptly declare the Bonds terminated and enforce the Transaction Security. The Agent is however not liable to take action if the Agent considers cause for termination and/or acceleration not to be at hand, unless the instructing Bondholders in writing commit to holding the Agent indemnified and, at the Agent's own discretion, grant sufficient security for the obligation.

6.3.3 For the purpose of exercising the rights of the Bondholders and the Agent under the Finance Documents and for the purpose of distributing any funds originating from the enforcement of any Transaction Security, the Issuer irrevocably authorises and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Bondholders in accordance with Clause 6.3.2 above. To the extent permissible by law, the powers set out in this Clause 6.3.3 are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney, which the Agent deems necessary for the purpose of carrying out its duties under Clause 17.4 below (including as required by the CSD in order for the CSD to accept such payment instructions). Especially, the Issuer shall, upon the Agent's request, provide the Agent with a written power of attorney empowering the Agent to change the bank account registered with the CSD to a bank account in the name of the Agent and to instruct the CSD to pay out funds originating from an enforcement in accordance with Clause 6.3.2 above to the Bondholders through the CSD.

## **6.4 Release of Transaction Security and Guarantees**

6.4.1 The Agent shall be entitled to release the Transaction Security and Guarantees in accordance with the terms of the Transaction Security Documents and the Guarantee and Adherence Agreement.

## **6.5 Miscellaneous**

6.5.1 For the purpose of exercising the rights of the Secured Parties, the Agent may instruct the CSD in the name and on behalf of the Issuer to arrange for payments to the Secured Parties under the Finance Documents and change the bank account registered with the CSD and from which payments under the Bonds are made to another bank account. The Issuer shall immediately upon request by the Agent provide it with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent and the CSD), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under this Clause 6.

## **7. THE BONDS AND TRANSFERABILITY**

7.1 Each Bondholder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.

7.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.

7.3 Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.

7.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

7.5 For the avoidance of doubt and notwithstanding the above, a Bondholder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Bondholder hereunder in each case until such allegations have been resolved.

## **8. BONDS IN BOOK-ENTRY FORM**

8.1 The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.

- 8.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Central Securities Depositories and Financial Instruments Accounts Act .
- 8.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 8.4 For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 8.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.
- 8.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.

## **9. RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

- 9.1 If any Person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 9.2 A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- 9.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 9.1 and 9.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **10. PAYMENTS IN RESPECT OF THE BONDS**

- 10.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Bondholder on

the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

- 10.2 If a Bondholder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effectuated by the CSD on the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid as soon as possible after such obstacle has been removed.
- 10.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 11.4 during such postponement.
- 10.4 If payment or repayment is made in accordance with this Clause 10, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware that the payment was being made to a Person not entitled to receive such amount.
- 10.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Initial Bond Issue or any Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

## **11. INTEREST**

- 11.1 The Initial Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to and including the relevant Redemption Date
- 11.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- 11.3 Interest shall be calculated on the basis of the actual number of days in the interest period in respect of which payment is being made divided by 360 (actual/360)).
- 11.4 If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is two hundred (200) basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **12. REDEMPTION AND REPURCHASE OF THE BONDS**

### **12.1 Redemption at maturity**

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a Business Day and if permitted under the CSD's applicable regulations, on the Business Day following from an application of the Business Day Convention, and otherwise on the first following Business Day) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

### **12.2 The Group's purchase of Bonds**

Each Group Company may, subject to applicable law, at any time and at any price purchase Bonds. Bonds held by a Group Company may at such Group Company's discretion be retained or sold but not cancelled, except in connection with a redemption of the Bonds in full.

### **12.3 Early voluntary total redemption by the Issuer (call option)**

12.3.1 The Issuer may redeem all, but not some only, of the Bonds on any Business Day after the First Issue Date but before the Final Redemption Date at the Call Option Amount together with accrued but unpaid Interest.

12.3.2 Redemption in accordance with Clause 12.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

### **12.4 Early redemption due to illegality (call option)**

12.4.1 The Issuer may redeem all, but not some only, of the outstanding Bonds at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.

12.4.2 The applicability of Clause 12.4.1 shall be supported by a legal opinion issued by a reputable law firm.

12.4.3 The Issuer may give notice of redemption pursuant to Clause 12.4.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse). The notice from the Issuer is irrevocable, shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. The Issuer is bound to redeem the Bonds in full at the applicable amount on the specified Redemption Date.

### **12.5 Mandatory repurchase due to a Change of Control Event, a De-listing Event, a Listing Failure Event or a Material Disposal Event (put option)**

12.5.1 Upon a Change of Control Event, a De-listing Event, a Listing Failure Event or a Material Disposal Event occurring, each Bondholder shall have the right to request that all or only some of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount (plus



accrued and unpaid interest) during a period of thirty (30) calendar days following the notice of the relevant event (exercise period).

- 12.5.2 The notice from the Issuer pursuant to paragraph (b) of Clause 13.3 (*Information undertakings*) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to paragraph (b) of Clause 13.3 (*Information undertakings*). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 12.5.1.
- 12.5.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 12.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 12.5 by virtue of the conflict.
- 12.5.4 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 12.5, if a third party in connection with the occurrence of a Change of Control Event, a De-listing Event, a Listing Failure Event or a Material Disposal Event offers to purchase all Bonds in the manner and on the terms set out in this Clause 12.5 (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If Bonds tendered are not purchased within the time limits stipulated in this Clause 12.5, the Issuer shall repurchase any such Bonds within five (5) Business Days after the expiry of the time limit.
- 12.5.5 No repurchase of Bonds pursuant to this Clause 12.5 shall be required if the Issuer has given notice of a redemption pursuant to Clause 12.4 (*Early redemption due to illegality (call option)*) provided that such redemption is duly exercised.
- 12.5.6 Any Bonds repurchased by the Issuer pursuant to this Clause 12.5 may at the Issuer's discretion be retained or sold, but not cancelled except in connection with a redemption of the Bonds in full in accordance with Clause 12.2.

## 12.6 **Mandatory repurchase due to a Board/Management Event (put option)**

- 12.6.1 Upon a Board/Management Event occurring, each Bondholder shall have the right to request that all or only some of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 110.00 per cent. of the Nominal Amount (plus accrued and unpaid interest) during a period of thirty (30) calendar days following the notice of the relevant event (exercise period).
- 12.6.2 The notice from the Issuer pursuant to paragraph (b) of Clause 13.3 (*Information undertakings*) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to paragraph (b) of Clause 13.3 (*Information undertakings*). The repurchase

date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 12.6.1.

- 12.6.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 12.6, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 12.6 by virtue of the conflict.
- 12.6.4 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 12.6, if a third party in connection with the occurrence of a Board/Management Event offers to purchase all Bonds in the manner and on the terms set out in this Clause 12.6 (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If Bonds tendered are not purchased within the time limits stipulated in this Clause 12.6, the Issuer shall repurchase any such Bonds within five (5) Business Days after the expiry of the time limit.
- 12.6.5 No repurchase of Bonds pursuant to this Clause 12.6 shall be required if the Issuer has given notice of a redemption pursuant to Clause 12.4 (*Early redemption due to illegality (call option)*) provided that such redemption is duly exercised.
- 12.6.6 Any Bonds repurchased by the Issuer pursuant to this Clause 12.6 may at the Issuer's discretion be retained or sold, but not cancelled except in connection with a redemption of the Bonds in full in accordance with Clause 12.2.

### **13. INFORMATION UNDERTAKINGS**

#### **13.1 Financial Statements**

The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than four (4) months after the expiry of each financial year;
- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period from and including the interim period ending 31 December 2021; and
- (c) prepare the Financial Statements in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of Nasdaq Stockholm or any other Regulated Market on which the Issuer's securities from time to time are listed (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (if applicable and as amended from time to time).

## 13.2 **Compliance Certificate**

13.2.1 The Issuer shall issue a Compliance Certificate to the Agent duly signed by the Issuer:

- (a) when Financial Statements are made available to the Agent in accordance with paragraph (a) or (b) of Clause 13.1 (*Financial Statements*);
- (b) in connection with the testing of an Incurrence Test; and
- (c) at the Agent's reasonable request, within twenty (20) Business Days from such request.

13.2.2 In each Compliance Certificate, the Issuer shall certify:

- (a) that, so far as it is aware, no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it;
- (b) if provided in connection with the testing of the Incurrence Test, that the Incurrence Test is met and including calculations and figures in respect of the Incurrence Test;
- (c) if provided in connection with a quarterly interim unaudited consolidated report of the Group being made available, that the Maintenance Test is met as per the last day of the quarter to which the Compliance Certificate refers to, calculations and figures in respect of the Maintenance Test; and
- (d) if provided in connection with the Annual Report, (i) information on any new Material Group Companies acquired by the Group with the net proceeds of the Initial Bond Issue or any Subsequent Bond Issue, (ii) confirming the Guarantor Coverage Threshold and (iii) that the Group is in compliance with the undertaking set out in Clause 15.5 (*Clean down period*).

## 13.3 **Miscellaneous**

The Issuer shall:

- (a) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;
- (b) promptly notify the Agent (and, as regards a Change of Control Event, a De-listing Event, a Listing Failure Event, a Material Disposal Event or a Board/Management Event, the Bondholders) upon becoming aware of the occurrence of a Change of Control Event, a De-listing Event, a Listing Failure Event, a Material Disposal Event, a Board/Management Event or an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.

## 14. **FINANCIAL COVENANTS**

### 14.1 **Maintenance Test**

14.1.1 The Issuer shall ensure that the ratio of Net Interest Bearing Debt to Consolidated EBITDA is less than 5.00:1.

14.1.2 The Maintenance Test shall be tested quarterly on the basis of the interim Financial Statement for the period covered by the relevant Reference Date as long as any Bond is outstanding on

the basis of the Compliance Certificate delivered in connection therewith. The first Reference Date for the Maintenance Test shall be 31 March 2021. The Consolidated EBITDA shall be adjusted in accordance with Clause 14.3 (*Calculation Principles*) below.

## 14.2 Incurrence Test

14.2.1 The Incurrence Test is met if:

- (a) the ratio of Net Interest Bearing Debt to Consolidated EBITDA is less than:
  - (i) 1.00:1 if the Incurrence Test is made in connection with the making of a distribution which requires that the Incurrence Test is made; or
  - (ii) 2.50:1 if the Incurrence Test is made in connection with the incurrence of Financial Indebtedness which requires that the Incurrence Test is made; and
- (b) no Event of Default is continuing or would occur upon the relevant incurrence or payment.

14.2.2 The calculation of the ratio of Net Interest Bearing Debt to Consolidated EBITDA shall be made as per a testing date determined by the Issuer, falling no more than three (3) months prior to the incurrence or payment, as applicable. The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the new Financial Indebtedness provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce Net Interest Bearing Debt).

## 14.3 Calculation Principles

14.3.1 The figures for Consolidated EBITDA for the Reference Period ending on the last day of the period covered by the most recent Financial Statements shall be used for the Incurrence Test and the Maintenance Test (as applicable), but adjusted so that:

- (a) the consolidated earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA) of any entities acquired by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be included, *pro forma*, for the entire Reference Period;
- (b) the consolidated earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA) of any entities disposed of (including, for the avoidance of doubt entities wound up by way of solvent or insolvent liquidation) by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be excluded, *pro forma*, for the entire Reference Period; and
- (c) the consolidated earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA) of any entity to be acquired with the proceeds of new Financial Indebtedness shall be included, *pro forma*, for the entire Reference Period.

14.3.2 For the purpose of calculating Finance Charges, the figures for Net Interest Bearing Debt for the Reference Period ending on the last day of the period covered by the most recent Financial Statements shall be used for the Incurrence Test, but shall be:

- (a) reduced to reflect any Net Interest Bearing Debt attributable to a disposed entity or which has been repaid, repurchased or otherwise discharged as a result of or in connection with a disposal of an entity (to the extent such Net Interest Bearing Debt is included in the relevant financial statements);
- (b) increased on a *pro forma* basis by an amount equal to the Net Interest Bearing Debt directly attributable to (i) any Financial Indebtedness owed by acquired entities, and (ii) any Financial Indebtedness incurred to finance the acquisition of entities, in each case calculated as if all such debt had been incurred at the beginning of the relevant test period; and
- (c) increased on a *pro forma* basis by an amount equal to the Net Interest Bearing Debt directly attributable to any Financial Indebtedness incurred, calculated as if such debt had been incurred at the beginning of the relevant Reference Period.

14.3.3 The figures for Net Interest Bearing Debt to be used for the Incurrence Test shall be reduced by any Financial Indebtedness which will be refinanced with the proceeds of the Financial Indebtedness which requires that the Incurrence Test is met.

#### 14.4 **Equity Cure**

14.4.1 If there is a breach of the Maintenance Test, no Event of Default will occur if, within sixty (60) Business Days of a Compliance Certificate evidencing that breach, the Issuer has secured (by way of receipt or unconditional commitment(s), which is/are to be effected within ninety (90) calendar days of the delivery of the relevant Compliance Certificate, an equity injection in cash by way of a share issue in the Issuer or an unconditional shareholder contribution to the Issuer in a sufficient amount to ensure compliance with the Maintenance Test as at the relevant Reference Date (the “**Cure Amount**”) (an “**Equity Cure**”).

14.4.2 Upon receipt of the Cure Amount, for the purpose of the Maintenance Test only and the calculation of the ratio of Net Interest Bearing Debt to EBITDA, Net Interest Bearing Debt shall be deemed reduced on the relevant Reference Date with an amount equal to the Cure Amount. For the avoidance of doubt, there shall be no EBITDA cure.

14.4.3 Any Equity Cure must be made in cash and no more than three (3) Equity Cures may be made over the lifetime of the Bonds. Equity Cures may not be made in respect of any consecutive Reference Dates. Any Equity Cure made in respect of any Reference Date shall be included until such time as that Reference Date falls outside the Reference Period.

## 15. SPECIAL UNDERTAKINGS

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 15 for as long as any Bonds remain outstanding.

### 15.1 Distributions

The Issuer shall not, and shall procure that none of its Subsidiaries will:

- (i) make or pay any dividend on its shares (other than to the Issuer or a wholly-owned, direct or indirect, Subsidiary of the Issuer and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis);
- (ii) repurchase or redeem any of its own shares;
- (iii) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to shareholders (other than to the Issuer or a wholly-owned, direct or indirect, Subsidiary of the Issuer and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis);
- (iv) repay principal or pay interest under any shareholder loans
- (v) in case of FPC Anacatum, make any distribution in kind; or
- (vi) make any other similar distribution or transfers of value to the direct or indirect shareholders of the Issuer, or any Affiliates of the Issuer (other than to the Issuer or a wholly-owned, direct or indirect, Subsidiary of the Issuer and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis, provided however that FPC Anacatum may not transfer any of its intellectual property to any Group Company),

the transactions set out in paragraphs (i) to (vi) above each being a “**Restricted Payment**”), provided however that any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by:

- (A) any Group Company (other than the Issuer) if such Restricted Payment is made to a Group Company, provided however that FPC Anacatum may not transfer any of its intellectual property to any Group Company; or
- (B) any Group Company (including the Issuer) to the shareholders of the Issuer (including, for the avoidance of doubt, dividends and the Issuer’s repurchase of own shares) provided that (i) the Incurrence Test (calculated *pro forma* including the relevant Restricted Payment) is met and (ii) at the time of such Restricted Payment, the aggregate amount of all Restricted Payments of the Group in a financial year (including the Restricted Payment in question, but excluding any Restricted Payment made in accordance with paragraph (A) above, does not exceed 50.00 per cent. of the Group’s consolidated net profit (Sw. *årets resultat*), in each case calculated according to the annual

audited Financial Statements for the previous financial year (and without accumulation of profits from previous financial years), provided however that FPC Anacatum may not transfer any of its intellectual property the shareholders of the Issuer.

## 15.2 **Admission to trading**

The Issuer shall use its best efforts to ensure that:

- (a) the Initial Bonds and any Subsequent Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm or another Regulated Market within twelve (12) months after the relevant Issue Date, and
- (b) the Bonds, if admitted to trading on Nasdaq Stockholm or another Regulated Market, continue being admitted to trading thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

## 15.3 **Nature of business**

The Issuer shall procure that (i) no substantial change is made to the general nature of the business carried on by the Group as of the First Issue Date if such substantial change would have a Material Adverse Effect and (ii) that FPC Anacatum's business is comprised of managing its intellectual property portfolio (e.g. licensing, purchasing and divestment of intellectual property and thereto auxiliary business) and that it does not conduct any other operations.

## 15.4 **Financial Indebtedness**

The Issuer shall not, and shall procure that no other Group Company will, incur, prolong, renew or extend any Financial Indebtedness, provided however that the Issuer and any Subsidiary other than FPC Anacatum have a right to incur, prolong, renew or extend Financial Indebtedness that constitutes Permitted Financial Indebtedness (FPC Anacatum however being permitted to incur Financial Indebtedness from other Group Companies in the ordinary course of business).

## 15.5 **Clean down period**

The Issuer shall procure that during each calendar year there shall be a period of five (5) consecutive days during which the amount outstanding under all Working Capital Facilities, less Cash and Cash Equivalents of the Group, amounts to zero (0) or less. Not less than three (3) months shall elapse between two such periods. Compliance shall be confirmed in the Compliance Certificate issued together with each Annual Report.

## 15.6 **Loans out**

The Issuer shall not, and shall procure that no other Group Company will, extend any loans in any form to any other party, save for:

- (a) to other Group Companies; or
- (b) in the ordinary course of business of the relevant Group Company.

## 15.7 **Negative Pledge**

The Issuer shall not, and shall procure that no Group Company will, create or allow to subsist, retain, provide, prolong or renew any security over any of its assets (present or future) to secure or guarantee any Financial Indebtedness, provided however that the Group Companies other than FPC Anacatum have a right to create or allow to subsist, retain, provide, prolong and renew any Permitted Security and that FPC Anacatum has the right to provide Transaction Security and Guarantees in accordance with the Finance Documents.

## 15.8 **Conditions Subsequent**

The Issuer shall procure that Clause 5.3 (*Conditions Subsequent*) is complied with.

## 15.9 **Mergers and demergers**

The Issuer shall not, and shall procure that no Group Company will, merge or demerge any Group Company, into a company which is not a Group Company, unless such merger or demerger is not likely to have a Material Adverse Effect, provided however that a merger or demerger with the effect that the Issuer is not the surviving entity shall not be permitted. Notwithstanding the above, the Issuer shall procure that FPC Anacatum does not merge or demerge with any Group Company or other entity outside of the Group.

## 15.10 **Additional Security and Guarantees**

The Issuer shall no later than sixty (60) calendar days following the publication of each Annual Report use its best efforts to ensure that:

- (a) any Material Group Company (other than the Issuer and any Material Group Company incorporated in the Excluded Jurisdiction) and any other wholly-owned Group Company required in order to attain the Guarantor Cover Threshold accedes to the Guarantee and Adherence Agreement as a Guarantor (if not already a Guarantor); and
- (b) all amounts outstanding under the Finance Documents, plus accrued interest and expenses, to the extent permitted legally, be secured by a pledge in respect of the shares in any Group Company which has become a Guarantor in accordance with paragraph (a) above (to the extent not already pledged); and
- (c) in relation to any new party to a Transaction Security Document and/or the Guarantee and Adherence Agreement not incorporated in Sweden or any new Transaction Security Documents and/or Guarantee and Adherence Agreement governed by non-Swedish law, a legal opinion on legal capacity, due execution and enforceability issued to the Agent by a reputable law firm and in form and substance satisfactory to the Agent acting reasonably,

always provided that any security and guarantees shall be subject to, and limited as required by, financial assistance regulations, corporate benefit restrictions and other applicable corporate law limitations.

## 15.11 **Disposals of assets**

- (a) The Issuer shall not, and shall procure that no other Group Company will, sell or otherwise dispose of any shares in any Group Company or of any substantial assets (including but not limited to material intellectual property rights and pledged Group



Companies) or operations to any person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that (i) it in each case is permitted by the terms of any Transaction Security Document in respect of such assets and (ii) it does not have a Material Adverse Effect.

- (b) Notwithstanding paragraph (a) above, the Issuer shall not, and shall procure that no other Group Company will, sell, transfer or otherwise dispose of any accounts receivables (including by way of factoring, forfaiting or similar transactions) if the aggregate nominal amount of account receivables sold or disposed of during the last twelve months (when aggregated with any other account receivables sold or otherwise disposed of during the same period) at any time exceeds fifty (50) per cent. of the aggregate amount of the Group's sales during the same period.
- (c) Notwithstanding paragraph (a) above, the Issuer shall not, and shall procure that no other Group Company will, sell, transfer or otherwise dispose of shares in FPC Anacatum, FPC AG, FPC Singapore or FPC China or resolve on any new share issue to any entity other than their respective direct shareholder as of the First Issue Date (the "**Current Owner**"), provided however that such new share issues in FPC AG and FPC China may be carried out if:
  - (A) prior to such new share issue, (i) the aggregate Nominal Amount of outstanding Bonds is SEK 500,000,000, (ii) the ratio of Net Interest Bearing Debt to Consolidated EBITDA would be 2.50:1 or higher if tested in accordance with Clause 14.2 (Incurrence Test) or (iii) the Issuer has failed a publicly launched attempt to carry out a Subsequent Bond Issue at a price per bond equal to or higher than 98.00 per cent. of the Nominal Amount;
  - (B) the shares issued in such new share issue is paid for in cash on which, prior to the new share issue, has been verified as commercially reasonable through an assessment by an independent and reputable bank or financial advisor; and
  - (C) the Current Owner, following such new share issue, owns at least 80.00 per cent. of FPC AG or FPC China, as applicable.

#### 15.12 Dealings with related parties

The Issuer shall, and shall procure that each Group Company will, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding the Issuer and other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

#### 15.13 Compliance with laws and authorisations

The Issuer shall, and shall make sure that each other Group Company will:

- (a) comply with all laws and regulations applicable from time to time; and
- (b) obtain, maintain, and comply with, the terms and conditions of any authorisation, approval, licence, registration or other permit required for the business carried out by

a Group Company, in each case, if failure to do so has or is reasonably likely to have a Material Adverse Effect,

**15.14 Licensing**

The Issuer shall procure that FPC Anacatum does not license its intellectual property to any party outside the Group, other than in the ordinary course of business.

**16. TERMINATION OF THE BONDS**

Each of the events or circumstances set out in this Clause 16 is an Event of Default (save for Clause 16.9 (*Termination*)).

**16.1 Non-payment**

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is due to technical or administrative error and is remedied within five (5) Business Days of its due date.

**16.2 Other obligations**

- (a) The Issuer does not comply with its obligations under the Finance Documents in any other way than as set out in Clause 16.1 (*Non-payment*).
- (b) No Event of Default under Clause 16.2(a) will occur if the failure to comply is capable of being remedied and is remedied within fifteen (15) Business Days of the earlier of:
  - (i) the Agent giving notice to the Issuer; and
  - (ii) the Issuer becoming aware of the non-compliance.

**16.3 Cross-acceleration**

Any Financial Indebtedness of a Material Group Company is not paid when due nor within any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 16.3 unless the amount of Financial Indebtedness individually or in the aggregate exceeds an amount corresponding to SEK 10,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

**16.4 Insolvency**

- (a) Any Material Group Company:
  - (i) is unable or admits inability to pay its debts as they fall due;
  - (ii) is declared to be unable to pay its debts under applicable law;
  - (iii) suspends making payments on its debts generally; or
  - (iv) by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (other than under these Terms and Conditions) with a view to rescheduling its Financial Indebtedness.

- (b) A moratorium is declared in respect of the Financial Indebtedness of any Material Group Company.

#### 16.5 **Insolvency proceedings**

- (a) Any corporate action, legal proceedings or other procedures are taken in relation to:
  - (i) the suspension of payments, winding-up, dissolution, administration or reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;
  - (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets; or
  - (iii) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company.
- (b) Clause 16.5(a) shall not apply to:
  - (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within sixty (60) calendar days of commencement or, if earlier, the date on which it is advertised;
  - (ii) proceedings or petitions concerning a claim which is less than SEK 10,000,000; or
  - (iii) in relation to Subsidiaries of the Issuer, solvent liquidations.

#### 16.6 **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding SEK 10,000,000 and is not discharged within sixty (60) calendar days.

#### 16.7 **Impossibility or illegality**

- (a) It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of these Terms and Conditions which has a detrimental effect on the interests of the Bondholders or if the obligations under these Terms and Conditions are not, or cease to be, legal, valid, binding and enforceable.
- (b) No Event of Default will occur under this Clause 16.7 due to illegality of the Issuer to perform its obligations under the Finance Documents:
  - (i) until expiry of the period for notice of redemption pursuant to Clause 12.4 (*Early redemption due to illegality (call option)*); and
  - (ii) if the Issuer has given notice of a redemption pursuant to Clause 12.4 (*Early redemption due to illegality (call option)*) and provided that such redemption is duly exercised.

## 16.8 Cessation of business

A Material Group Company ceases to carry on its business and such discontinuation is likely to have a Material Adverse Effect.

## 16.9 Termination

- 16.9.1 If an Event of Default has occurred and is continuing the Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least 50.00 per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a Person who is a Bondholder on the second Business Day following the day on which the demand is received by the Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction or decision pursuant to Clause 16.9.6 or 16.9.7, on behalf of the Bondholders, terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not falling later than twenty (20) Business Days from the date on which the Agent made such declaration).
- 16.9.2 The Agent may not terminate the Bonds in accordance with Clause 16.9.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 16.9.1.
- 16.9.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 16.9.4 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 16.9.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 16.9.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 16.9.1 and provide the Agent with all documents that may be of significance for the application of this Clause 16.
- 16.9.5 The Issuer is only obliged to inform the Agent according to Clause 16.9.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with the relevant Regulated Market. If such a conflict would exist pursuant to the listing contract with the relevant Regulated Market or otherwise, the Issuer shall however be obliged to either seek the approval from the relevant Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 16.9.4.
- 16.9.6 If the Agent has been notified by the Issuer or has otherwise received actual knowledge that there is a default under the Finance Documents according to Clause 16.9.1, the Agent shall (i) notify, within five (5) Business Days of the day of notification or actual knowledge, the Bondholders of the default and (ii) decide, within twenty (20) Business Days of the day of notification or actual knowledge, if the Bonds shall be declared terminated. If the Agent has

decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Bondholders that there exists a right of termination and obtain instructions from the Bondholders according to the provisions in Clause 18 (*Decisions by Bondholders*). If the Bondholders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Bondholders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.

- 16.9.7 If the Bondholders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 18 (*Decisions by Bondholders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Bondholders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 16.9.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 16, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 16.9.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 16 without relevant decision by the Agent or following instructions from the Bondholders' pursuant to Clause 18 (*Decisions by Bondholders*).
- 16.9.10 If the Bonds are declared due and payable in accordance with this Clause 16, the Issuer shall redeem all Bonds with an amount per Bond equal to the applicable Call Option Amount for the relevant period (plus accrued but unpaid Interest). In the event of an acceleration of the Bonds before the First Call Date, paragraph (a) of the definition of "*Call Option Amount*" applies.

## **17. DISTRIBUTION OF PROCEEDS**

- 17.1 All payments by the Issuer relating to the Bonds and the Finance Documents following a termination of the Bonds in accordance with Clause 16 (Termination of the Bonds) and any proceeds received from an enforcement of the Transaction Security shall be made and/or distributed in the following order or priority:
- (a) *firstly*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the bondholders' rights, (iii) any non-reimbursed costs incurred by the Agent for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a bondholders' meeting or a written procedure;
  - (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid interest under the Bonds (interest due on an earlier Interest Payment Date to be paid before any interest due on a later Interest Payment Date);

- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
  - (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under these Terms and Conditions.
- 17.2 Any excess funds after the application of proceeds in accordance with (a) to (d) above shall be paid to the Issuer.
- 17.3 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 17.1, such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 17.1.
- 17.4 Funds that the Agent receives (directly or indirectly) on behalf of Secured Parties in connection with the termination of the Bonds or the enforcement of any or all of the Transaction Security constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. lag (1944:181) om *redovisningsmedel*) and must be held on a separate interest bearing account on behalf of the Secured Parties. The Agent shall promptly arrange for payments to be made to the Bondholders in such case. The Agent shall arrange for payments of such funds in accordance with this Clause 17 as soon as reasonably practicable. If the Agent deems it appropriate, it may, in accordance with this Clause 17.4, instruct the CSD to arrange for payment to the Bondholders.
- 17.5 If the Issuer or the Agent shall make any payment under this Clause 17, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 10.1 shall apply.

## **18. DECISIONS BY BONDHOLDERS**

- 18.1 A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- 18.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least 10.00 per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- 18.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (a) the suggested decision must be approved by any Person in addition to the Bondholders and such Person has informed the Agent that an approval will not be given, or (b) the suggested decision is not in accordance with applicable laws.

- 18.4 The Agent shall not be responsible for the content of a notice for a Bondholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.
- 18.5 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 9 (*Right to act on behalf of a Bondholder*) from a Person who is, registered as a Bondholder:
- (a) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 20.3, in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- 18.6 The following matters shall require consent of Bondholders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 20.3:
- (a) waive a breach of or amend an undertaking set out in Clause 15 (*Special undertakings*);
  - (b) except as expressly regulated elsewhere in the relevant Finance Document, release any Transaction Security, in whole or in part;
  - (c) a mandatory exchange of Bonds for other securities;
  - (d) a change of issuer or an extension of the tenor of the Bonds;
  - (e) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer (other than as a result of an application of Clause 25 (*Base Rate Replacement*));
  - (f) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or
  - (g) amend the provisions in this Clause 18.6 or Clause 18.7.
- 18.7 Any matter not covered by Clause 18.6 shall require the consent of Bondholders representing more than 50.00 per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 20.3. This includes, but is not limited to, any amendment to or waiver of the terms of any Finance Documents that does not require a higher majority (other than an amendment permitted pursuant to paragraph (a), (b) or (c) of Clause 21.1), or a termination of the Bonds or the enforcement of the Transaction Security in whole or in part.
- 18.8 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least 20.00 per cent. of the Adjusted Nominal Amount:

- (a) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 18.9 If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 19.1) or initiate a second Written Procedure (in accordance with Clause 20.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 18.8 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 18.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 18.11 A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 18.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under the Finance Documents, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 18.13 A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- 18.14 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 18.15 If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 18.16 Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or



Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **19. BONDHOLDERS' MEETING**

19.1 The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons). If the Bondholders' Meeting has been requested by the Bondholder(s), the Agent shall send a copy of the notice to the Issuer.

19.2 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 19.1 with a copy to the Agent. After a request from the Bondholders pursuant to Clause 22.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 19.1.

19.3 The notice pursuant to Clause 19.1 shall include:

- (a) the time for the meeting;
- (b) the place for the meeting;
- (c) an agenda for the meeting (including each request for a decision by the Bondholders); and
- (d) a form of power of attorney.

Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

19.4 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.

19.5 If the Agent, in breach of these Terms and Conditions, has not convened a Bondholders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Bondholders' Meeting itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the register kept by the CSD and, if no Person to open the Bondholders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.

19.6 At a Bondholders' Meeting, the Issuer, the Bondholders (or the Bondholders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Bondholders' Meeting. The Bondholders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Bondholders' Meeting instead of the Bondholder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Bondholder.

- 19.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **20. WRITTEN PROCEDURE**

- 20.1 The Agent shall instigate a Written Procedure (which may be conducted electronically) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Bondholder(s), the Agent shall send a copy of the communication to the Issuer.
- 20.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 20.1 to each Bondholder with a copy to the Agent.
- 20.3 A communication pursuant to Clause 20.1 shall include (a) each request for a decision by the Bondholders, (b) a description of the reasons for each request, (c) a specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 20.1), (d) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (e) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 20.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 20.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the register kept by the CSD.
- 20.5 When the requisite majority consents of the Adjusted Nominal Amount pursuant to Clauses 18.6 and 18.7 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 18.6 or 18.7, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **21. AMENDMENTS AND WAIVERS**

- 21.1 The Issuer and the Agent and/or the Security Agent (as applicable) (in each case acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in the Finance Documents, provided that:

- (a) the Agent and/or the Security Agent (as applicable) is satisfied that such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) the Agent and/or the Security Agent (as applicable) is satisfied that such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
- (c) such amendment or waiver is necessary for the purpose of having the Bonds listed or admitted to trading on Nasdaq Stockholm or another Regulated Market, provided that the Agent and/or the Security Agent is satisfied that such amendment or waiver does not materially adversely affect the rights of the Bondholders;
- (d) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 18 (*Decisions by Bondholders*); or
- (e) the Agent is satisfied that such amendment or waiver is made pursuant to Clause 25 (*Base Rate Replacement*).

21.2 The consent of the Bondholders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.

21.3 The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 21.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.

21.4 An amendment or waiver to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **22. APPOINTMENT AND REPLACEMENT OF THE AGENT AND THE SECURITY AGENT**

### **22.1 Appointment of Agent and the Security Agent**

22.1.1 By subscribing for Bonds, each initial Bondholder:

- (a) appoints the Agent and the Security Agent to act as its agent and security agent (as applicable) in all matters relating to the Bonds and the Finance Documents, and authorises each of the Agent and the Security Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*), or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer including, for the avoidance of doubt, any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security; and

- (b) confirms the appointment of the Security Agent to act as its agent in all matters relating to the Transaction Security and the Transaction Security Documents, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security.
- 22.1.2 By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent and the Security Agent to act on its behalf, as set forth in Clause 22.1.1.
- 22.1.3 Each Bondholder shall immediately upon request provide the Agent and the Security Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent or the Security Agent, as applicable), as the Agent or the Security Agent (as applicable) deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. Neither the Agent nor the Security Agent is under no obligation to represent a Bondholder which does not comply with such request.
- 22.1.4 The Issuer shall promptly upon request provide the Agent and the Security Agent with any documents and other assistance (in form and substance satisfactory to the Agent or the Security Agent, as applicable), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 22.1.5 Each of the Agent and the Security Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's and the Security Agent's respective obligations as agent and security agent (as applicable) under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 22.1.6 Each of the Agent and the Security Agent may act as agent and/or security agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.
- 22.2 Duties of the Agent and the Security Agent**
- 22.2.1 Each of the Agent and the Security Agent shall represent the Bondholders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Transaction Security Documents on behalf of the Secured Parties and, where relevant, enforcing the Transaction Security on behalf of the Bondholders. Neither the Agent nor the Security Agent is responsible for the contents, execution, legal validity or enforceability of the Finance Documents. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.
- 22.2.2 Neither the Agent nor the Security Agent is obliged to actively assess or monitor (i) the financial condition of the Issuer or any Group Company, (ii) the compliance by the Issuer of the Finance Documents (unless expressly set out in the Finance Documents) or (iii) whether an Event of Default (or any event that may lead to an Event of Default) has occurred or not. Until it has actual knowledge to the contrary, each of the Agent and the Security Agent is entitled to assume that no Event of Default has occurred.
- 22.2.3 Each of the Agent and the Security Agent may assume that any information, documentation and evidence delivered to it is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and neither the Agent nor the Security Agent

have to verify or assess the contents of any such information, documentation or evidence. Neither the Agent nor the Security Agent review any information, documents and evidence from a legal or commercial perspective of the Bondholders.

- 22.2.4 The Agent shall upon request by a Bondholder disclose the identity of any other Bondholder who has consented to the Agent in doing so.
- 22.2.5 When acting in accordance with the Finance Documents, each of the Agent and the Security Agent is always acting with binding effect on behalf of the Bondholders. Each of the Agent and the Security Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 22.2.6 Each of the Agent and the Security Agent is entitled to delegate its duties to other professional parties, but each of them shall remain liable for the actions of such parties under the Finance Documents.
- 22.2.7 Each of the Agent and the Security Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- 22.2.8 The Agent shall be entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 22.2.9 Each of the Agent and the Security Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent and/or the Security Agent pay all costs for external experts engaged (a) after the occurrence of an Event of Default, (b) for the purpose of investigating or considering an event which the Agent and/or the Security Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent and/or the Security Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents or (c) when the Agent and/or the Security Agent is to make a determination under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 17 (*Distribution of proceeds*).
- 22.2.10 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- 22.2.11 Notwithstanding any other provision of the Finance Documents to the contrary, neither the Agent nor the Security Agent is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 22.2.12 If in the Agent's or the Security Agent's (as applicable) reasonable opinion the cost, loss or liability which it may incur (including its respective reasonable fees) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered

by the Issuer, the Agent or the Security Agent (as applicable) may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

22.2.13 Each of the Agent and the Security Agent shall give a notice to the Bondholders (a) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent or the Security Agent under the Finance Documents, or (b) if it refrains from acting for any reason described in Clause 22.2.12.

22.2.14 Each of the Agent's and the Security Agent's duties under these Terms and Conditions are solely mechanical and administrative in nature and the Agent and the Security Agent only acts in accordance with these Terms and Conditions and upon instructions from the Bondholders, unless otherwise set out in these Terms and Conditions. In particular, neither the Agent nor the Security Agent is acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other person.

### 22.3 **Limited liability for the Agent and the Security Agent**

22.3.1 Neither the Agent nor the Security Agent will be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. Neither the Agent nor the Security Agent shall be responsible for indirect loss.

22.3.2 Neither the Agent nor the Security Agent shall be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts addressed to it or if the Agent and/or the Security Agent has acted with reasonable care in a situation when the Agent and/or the Security Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.

22.3.3 Neither the Agent nor the Security Agent shall be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by it to the Bondholders, provided that the Agent and/or the Security Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.

22.3.4 Neither the Agent nor the Security Agent shall have any liability to the Bondholders for damage caused by it acting in accordance with instructions of the Bondholders given in accordance with Clause 18 (*Decisions by Bondholders*).

22.3.5 Any liability towards the Issuer which is incurred by the Agent or the Security Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

22.3.6 The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or by any other person.

### 22.4 **Replacement of the Agent and the Security Agent**

22.4.1 Subject to Clause 22.4.6, each of the Agent and the Security Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent and/or Security Agent at a Bondholders' Meeting convened by the retiring

Agent and/or Security Agent or by way of Written Procedure initiated by the retiring Agent and/or Security Agent.

- 22.4.2 Subject to Clause 22.4.6, if the Agent and/or the Security Agent is insolvent or becomes subject to bankruptcy proceedings, the Agent and/or the Security Agent (as applicable) shall be deemed to resign as Agent and/or Security Agent (as applicable) and the Issuer shall within ten (10) Business Days appoint a successor Agent and/or Security Agent (as applicable) which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 22.4.3 A Bondholder (or Bondholders) representing at least 10.00 per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and/or the Security Agent (as applicable) and appointing a new Agent and/or Security Agent (as applicable). The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent and/or the Security Agent be dismissed and a new Agent and/or Security Agent (as applicable) appointed.
- 22.4.4 If the Bondholders have not appointed a successor Agent and/or successor Security Agent within ninety (90) calendar days after (a) the earlier of the notice of resignation was given or the resignation otherwise took place or (b) the Agent and/or the Security Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent and/or Security Agent (as applicable) which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 22.4.5 The retiring Agent and/or Security Agent (as applicable) shall, at its own cost, make available to the successor Agent and/or the successor Security Agent (as applicable) such documents and records and provide such assistance as the successor Agent and/or successor Security Agent may reasonably request for the purposes of performing its functions as Agent and or Security Agent (as applicable) under the Finance Documents.
- 22.4.6 The Agent's and the Security Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and/or successor Security Agent (as applicable) and acceptance by such successor Agent and/or successor Security Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent and/or the retiring Security Agent (as applicable).
- 22.4.7 Upon the appointment of a successor, the retiring Agent and/or the retiring Security Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent and/or Security Agent (as applicable). Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent and/or Security Agent.
- 22.4.8 In the event that there is a change of the Agent and/or the Security Agent in accordance with this Clause 22.4, the Issuer shall execute such documents and take such actions as the new Agent and/or Security Agent may reasonably require for the purpose of vesting in such new

Agent and/or the new Security Agent (as applicable) the rights, powers and obligation of the Agent and/or the Security Agent and releasing the retiring Agent and/or the retiring Security Agent (as applicable) from its respective further obligations under the Finance Documents. Unless the Issuer and the new Agent and/or the new Security Agent agrees otherwise, the new Agent and/or the new Security Agent shall be entitled to the same fees and the same indemnities as the retiring Agent and/or the retiring Security Agent (as applicable).

## **23. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- 23.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- 23.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

## **24. APPOINTMENT AND REPLACEMENT OF THE CSD**

- 24.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 24.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Bondholder or the listing of the Bonds listed on a Regulated Market. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

## **25. BASE RATE REPLACEMENT**

### **25.1 General**

- 25.1.1 Any determination or election to be made by an Independent Adviser, the Issuer or the Bondholders in accordance with the provisions of this Clause 25 shall at all times be made by such Independent Adviser, the Issuer or the Bondholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.
- 25.1.2 If a Base Rate Event has occurred, this Clause 25 shall take precedent over the fallbacks set out in paragraph (b) to (d) of the definition of STIBOR.

### **25.2 Definitions**

- 25.2.1 In this Clause 25:



**“Adjustment Spread”** means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof to be applied to a Successor Base Rate and that is:

- (a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or
- (b) if (a) is not applicable, the adjustment spread that the Independent Adviser determines is reasonable to use in order to minimise any transfer of economic value from one party to another as a result of a replacement of the Base Rate.

**“Base Rate Amendments”** has the meaning set forth in Clause 25.3.4.

**“Base Rate Event”** means one or several of the following circumstances:

- (a) the Base Rate (for the relevant Interest Period) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period) ceasing to be calculated or administered;
- (b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;
- (c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;
- (d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that it is unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Bondholder using the applicable Base Rate (for the relevant Interest Period) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period); or
- (e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (Sw. *krishanteringsregelverket*), or in respect of EURIBOR, from the equivalent entity with insolvency or resolution powers over the Base Rate Administrator, containing the information referred to in (b) above.

**“Base Rate Event Announcement”** means a public statement or published information as set out in paragraph (b) to (e) of the definition of Base Rate Event that any event or circumstance specified therein will occur.

**“Independent Adviser”** means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

**“Relevant Nominating Body”** means, subject to applicable law, firstly any relevant supervisory authority, secondly any applicable central bank, or any working group or

committee of any of them, or thirdly the Financial Stability Council (*Finansiella stabilitetsrådet*) or any part thereof.

**“Successor Base Rate”** means:

- (a) a screen or benchmark rate, including the methodology for calculating term structure and calculation methods in respect of Bonds, which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body; or
- (b) if there is no such rate as described in paragraph (a), such other rate as the Independent Adviser determines is most comparable to the Base Rate.

For the avoidance of doubt, in the event that a Successor Base Rate ceases to exist, this definition shall apply *mutatis mutandis* to such new Successor Base Rate.

### 25.3 **Determination of Base Rate, Adjustment Spread and Base Rate Amendments**

- 25.3.1 Without prejudice to Clause 25.3.2, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer’s expense appoint an Independent Adviser to determine a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Clause 25.3.2.
- 25.3.2 If (i) a Base Rate Event has occurred or (ii) a Base Rate Event Announcement has been made and the announced Base Rate Event will occur within six (6) months, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer’s expense, appoint an Independent Adviser to determine, as soon as commercially reasonable, a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate.
- 25.3.3 If the Issuer fails to appoint an Independent Adviser in accordance with Clause 25.3.2, within thirty (30) calendar days, the Bondholders shall, if so decided at a Bondholders’ Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer’s expense) for the purposes set forth in Clause 25.3.2.
- 25.3.4 The Independent Adviser shall also determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or to reflect the adoption of such Successor Base Rate in a manner substantially consistent with market practice (**“Base Rate Amendments”**).
- 25.3.5 Provided that a Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments have been determined no later than prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, taking into account any technical limitations of the CSD and any calculations methods applicable to such Successor Base Rate.

## 25.4 **Interim measures**

25.4.1 If Base Rate Event has occurred but no Successor Base Rate and Adjustment Spread have been determined prior to the relevant Quotation Day in relation to the next succeeding Interest Period, the Interest Rate applicable to the next succeeding Interest Period shall be:

- (a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
- (b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.

25.4.2 For the avoidance of doubt, Clause 25.4.1 shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Clause 25.

## 25.5 **Notices**

The Issuer shall promptly following the determination by the Independent Adviser of any Successor Base Rate, Adjustment Spread and any Base Rate Amendments give notice thereof to the Agent, the Issuing Agent and the Bondholders in accordance with Clause 28 (*Notices and press releases*) and the CSD. The notice shall also include the time when the amendments will become effective.

## 25.6 **Variation upon replacement of Base Rate**

25.6.1 No later than giving the Agent notice pursuant to Clause 25.5, the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and a duly authorised signatory of the Issuer confirming the relevant Successor Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined in accordance with the provisions of this Clause 25. The Successor Base Rate, the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any determination, be binding on the Issuer, the Agent, the Issuing Agent and the Bondholders.

25.6.2 Subject to receipt by the Agent of the certificate referred to in Clause 25.6.1, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Bondholders, without undue delay effect such amendments to the Terms and Conditions as may be required by the Issuer in order to give effect to this Clause 25.

25.6.3 The Agent and the Issuing Agent shall always be entitled to consult with external experts prior to amendments are effected pursuant to this Clause 25. Neither the Agent nor the Issuing Agent shall be obliged to concur if in the reasonable opinion of the Agent or the Issuing Agent (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent or the Issuing Agent in the Terms and Conditions.

## 25.7 **Limitation of liability for the Independent Adviser**

25.7.1 Any Independent Adviser appointed pursuant to Clause 25.3 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in

connection with the Terms and Conditions, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

## **26. NO DIRECT ACTIONS BY BONDHOLDERS**

- 26.1 A Bondholder may not take any steps whatsoever against the Issuer or a Group Company or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or another Group Company in relation to any of the liabilities of the Issuer or a Group Company under the Finance Documents. Such steps may only be taken by the Agent.
- 26.2 Clause 26.1 shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 22.1.2), such actions within a reasonable period of time and such failure or inability is continuing, however, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or by any reason described in Clause 22.2.12, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 22.2.13 before a Bondholder may take any action referred to in 26.1.
- 26.3 The provisions of Clause 26.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 12.5 (*Mandatory repurchase due to a Change of Control Event, a De-listing Event, a Listing Failure Event or a Material Disposal Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## **27. TIME-BAR**

- 27.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been time-barred and has become void.
- 27.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new time-bar period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to the right to receive payment of Interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **28. NOTICES AND PRESS RELEASES**

### **28.1 Notices**

28.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:

- (a) if to the Agent or the Security Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Agent or the Security Agent (as applicable) to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Agent or the Security Agent, to such email address as notified by the Issuer to the Agent or the Security Agent from time to time; and
- (c) if to the Bondholders, shall be given at their addresses as registered with the CSD (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address), on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.

28.1.2 Any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter (and, if between the Agent or the Security Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 28.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 28.1.1 or, in case of email to the Agent, the Security Agent or the Issuer, when received in legible form by the email address specified in Clause 28.1.1 save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.

28.1.3 Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

### **28.2 Press releases**

28.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 12.3, 12.4, 12.6, 13.3(b), 16.9.6, 17.5, 18.16, 19.1, 20.1, 21.3, 22.2.13 and 22.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

28.2.2 In addition to Clause 28.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice that the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it

can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## **29. FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 29.1 None of the Agent, the Security Agent or the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “*Force Majeure Event*”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent, the Security Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 29.2 The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 29.3 Should a Force Majeure Event arise which prevents the Agent, the Security Agent or the Issuing Agent from taking any action required to comply with the Finance Documents, such action may be postponed until the obstacle has been removed.
- 29.4 The provisions in this Clause 29 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

## **30. GOVERNING LAW AND JURISDICTION**

- 30.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 30.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 30.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 30.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

# SCHEDULE 1

## FORM OF COMPLIANCE CERTIFICATE

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### COMPLIANCE CERTIFICATE

To: Intertrust (Sweden) AB as Agent  
From: Fingerprint Cards AB (publ) as Issuer  
Date: [date]

Dear Sir or Madam,

#### Fingerprint Cards AB

#### Maximum SEK 500,000,000 senior secured callable floating rate bonds 2021/2024 with ISIN: SE0017071855 (the “Bonds”)

(1) We refer to the terms and conditions for the Bonds (the “**Terms and Conditions**”). This is a Compliance Certificate. Terms defined in the Terms and Conditions have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

(2) **[Maintenance Test]**

We confirm that the Maintenance Test is met and that in respect of the Reference Date [date], the Net Interest Bearing Debt was SEK [●], the Consolidated EBITDA was SEK [●] and that the ratio of Net Interest Bearing Debt to Consolidated EBITDA therefore was [●] (thus less than 5.00:1).

Computations as to compliance with the Maintenance Test are attached hereto.<sup>1</sup>

(3) **[Incurrence Test]**

This is an Incurrence Test in respect of [*describe the relevant incurrence or distribution*]. We confirm that the Incurrence Test is met and that in respect of the date of the Incurrence Test, [date]:

- (a) the Net Interest Bearing Debt was SEK [●], the Consolidated EBITDA was SEK [●] and that the ratio of Net Interest Bearing Debt to Consolidated EBITDA therefore was [●] (thus less than [1.00:1] / [2.50:1]), in each case calculated in accordance with Clause 14.3 (*Calculation Principles*) of the Terms and Conditions; and
- (b) no Event of Default is continuing or would occur upon the incurrence.

Computations as to compliance with the Incurrence Test are attached hereto.<sup>13</sup><sup>14</sup>

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<sup>1</sup> This section to be used if the Compliance Certificate is delivered in connection with a Maintenance Test.

<sup>13</sup> To include calculations of the Incurrence Test and any adjustments pursuant to Clause 14.3 (*Calculation principles*).

<sup>14</sup> This section to be used if the Compliance Certificate is delivered in connection with an Incurrence Test.

**(4) [New Material Group Companies and Clean Down Period]**

We confirm that as of the date of the publication of the Annual Report for the financial year [●], [date]:

- (a) the companies listed in the attached schedule are Material Group Companies acquired by the Group with the net proceeds of [the Initial Bond Issue] / [a Subsequent Bond Issue] pursuant to the Terms and Conditions;
- (b) that the Issuer and the Guarantors together represent [●] per cent. of Consolidated EBITDA (excluding any EBITDA attributed to any Group Company incorporated in the Excluded Jurisdiction) and that the Guarantor Coverage Threshold therefore has been attained; and
- (c) that the Group is in compliance with the provision in Clause 15.5 (*Clean down period*) of the Terms and Conditions.]<sup>15</sup>

**(5) [No Event of Default]**

We confirm that, so far as we are aware, no Event of Default is continuing.]<sup>16</sup>

**Fingerprint Cards AB (publ)**

\_\_\_\_\_  
Name:

*Authorised signatory*

\_\_\_\_\_  
<sup>15</sup> This section to be used if the Compliance Certificate is delivered in connection with the Annual Report.

<sup>16</sup> Should be included in each Compliance Certificate. If this statement cannot be made, the certificate should identify any Event of Default that is continuing and the steps, if any, being taken to remedy it



We hereby certify that the above Terms and Conditions are binding upon ourselves.

**FINGERPRINT CARDS AB (PUBL)**  
as Issuer

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

We hereby undertake to act in accordance with the above Terms and Conditions to the extent they refer to us.

**INTERTRUST (SWEDEN) AB**  
As Agent and Security Agent

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

# ADDRESSES

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## Issuer

### **Fingerprint Cards AB (publ)**

Kungsgatan 20, SE-411 19 Gothenburg, Sweden  
Web page: [www.fingerprints.com](http://www.fingerprints.com) (the information provided at the Issuer's website does not form part of this Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority, unless explicitly incorporated by reference into the Prospectus)

## Auditor

### **BDO Mälardalen AB**

Sveavägen 53, SE-113 59 Stockholm, Sweden  
Web page: [www.bdo.se](http://www.bdo.se) (the information on the website does not form part of this Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority)

## Legal advisor

### **Gernandt & Danielsson Advokatbyrå KB**

P.O. Box 5747, SE-114 87 Stockholm, Sweden  
Web page: [www.gda.se](http://www.gda.se) (the information on the website does not form part of this Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority)

## Issuing agent and Sole Bookrunner

### **Carnegie Investment Bank AB (publ)**

SE-103 38 Stockholm, Sweden  
Web page: [www.carnegie.se](http://www.carnegie.se) (the information on the website does not form part of this Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority)

## Agent

### **Intertrust (Sweden) AB**

Sveavägen 9, 10th floor, SE-111 57 Stockholm, Sweden  
Web page: [www.intertrustgroup.com](http://www.intertrustgroup.com) (the information on the website does not form part of this Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority)

## Central securities depository

### **Euroclear Sweden AB**

P.O. Box 7822, SE-103 97 Stockholm, Sweden  
Web page: [www.euroclear.com](http://www.euroclear.com) (the information on the website does not form part of this Prospectus and has not been reviewed by the Swedish Financial Supervisory Authority)