

**OREXO AB (PUBL)**

**PROSPECTUS REGARDING LISTING OF  
MAXIMUM SEK 500,000,000**

**SENIOR UNSECURED CALLABLE FLOATING RATE BONDS**

**2017/2021**

**ISIN: SE0010494450**

**29 November 2017**

## Important information

This prospectus (the “**Prospectus**”) has been prepared by Orexo AB (publ) (the “**Company**” or the “**Issuer**”), registration number 556500-0600, in relation to the application for listing of bonds issued under the Company’s maximum SEK 500,000,000 senior unsecured callable floating rate bonds 2017/2021 with ISIN SE0010494450 (the “**Bonds**”), of which SEK 325,000,000 was issued on 13 November 2017 (the “**First Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”), on the Corporate Bond List at Nasdaq Stockholm Aktiebolag (“**Nasdaq Stockholm**”). References to “Orexo” or the “Group” refer in this Prospectus to Orexo AB (publ) and its subsidiaries from time to time, unless indicated by the context. References to “SEK” refer to Swedish Kronor.

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration 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 listing the Bonds on Nasdaq Stockholm. This Prospectus may not be distributed in any country 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 may be 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), except for to, or for the account or benefit for qualified institutional buyers as defined in Rule 144A promulgated under the Securities Act (“**Rule 144A**”) (“**QIBs**”). The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page ([www.fi.se](http://www.fi.se)) and the Company’s web page ([www.orexo.se](http://www.orexo.se)), and paper copies may be obtained from the Company.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company’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 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 Company’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 Company 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.

This Prospectus shall be read together with all documents that are incorporated by reference (see section “*Overview of financial reporting and documents incorporated by reference*” below) and possible supplements to this Prospectus.

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 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.

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## **Risk factors**

*Investing in bonds involves inherent risks. The financial performance of the Company and the Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Group. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Group could be materially and adversely affected, which ultimately could affect the Company's ability to make payments of interest and repayments of principal under the Terms and Conditions. In this section, a number of risk factors are illustrated, namely general risks pertaining to the Group's business operations and material risks relating to the Bonds as financial instruments. The risks presented below are not exhaustive and other risks not discussed herein may also adversely affect the Group, the price of the Bonds and the Company's ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.*

### **Risks associated with Orexo's operations**

*Orexo's dependency on the continued commercialisation of Zubsolv®*

In July 2013, Zubsolv® was approved for the maintenance treatment of opioid dependence on the U.S. market by the U.S. Food and Drug Administration, FDA, and in August 2015 the product also received approval for induction treatment of the same patient population. The commercialisation and marketing of Zubsolv® on the U.S. market is managed through Orexo's U.S. subsidiary, Orexo U.S. Inc. It is of material importance for Orexo's future profitability and financial position that the continued commercialisation of Zubsolv® is successful.

The level of market access and sales of a pharmaceutical product depends on a number of factors, including access to patients and applicable reimbursement systems, distribution channels, competing products, availability as well as sales and marketing efforts. There is a risk that Orexo will not be able to maintain and grow the U.S. Zubsolv® business in the future. For example, a significant part of the market increase for treatment of opioid dependence on the U.S. market currently derives from the public segment, i.e. where medical care is financed by public sector payers, a segment in which Zubsolv® presently has limited access in several of the growing geographical markets. Further, the rising awareness of the severe effects resulting from opioid dependence may cause increased competition and alternative treatments may arise. Any potential new competitors may have considerably greater resources than the Group to market a drug and to gain access to physicians, patients and applicable reimbursement systems. Accordingly, there is a risk that the future sales of Zubsolv® on the U.S. market will not develop favorably for Orexo. Further, there is a risk that the launch of Zubsolv® on the European market, which following regulatory approval is planned to be made by Orexo's partner Mundipharma, or any other market, may fail and that such sales, if any, will not meet the anticipated sales targets.

Any material deviation from the anticipated sales targets or other anticipated development, whether due to reduced demand, increased competition, lower reimbursement levels, a deterioration in Orexo's and its partners' capacity to provide or manufacture the necessary quantities of pharmaceutical ingredient or to successfully market the product, could have a material negative effect on the Group's business, operating results and financial position.

*Orexo is involved in a dispute with Actavis regarding certain intellectual property rights*

The Group is currently involved in a litigation process against certain entities within the Actavis group (now acquired by Teva), regarding certain intellectual property rights pertaining to Zubsolv® in the US. In May 2014, Actavis notified Orexo that Actavis had filed an Abbreviated New Drug Application (ANDA) for a generic Zubsolv® drug product. Orexo thereafter, in June 2014, initiated legal proceedings against Actavis for infringement of these two patents. The dispute has thereafter been expanded to include also other U.S. patents relating to Zubsolv®. The District Court of Delaware rendered its decision in November 2016 and held that one of the first patents ('996) was valid and thus infringed by Actavis, but that Orexo's '330 patent was invalid. Orexo has appealed the decision as far as regards the patent '330, to the federal circuit. Oral hearings took place on 4 October 2017, and the court's decision is expected within the next 3-9 months, but could be rendered earlier. If the outcome of the appeal is in Actavis' favor, two more U.S. Zubsolv® patents ('421 and '900), stretching to 2032, will be rolled into the case. Orexo has already initiated litigation processes on these new patents, but they are now on hold until the outcome of the appeal case is known. If Orexo eventually fails to uphold its patents for Zubsolv® on the U.S. market, there is a risk that Actavis as well as other competitors may introduce generic pharmaceuticals on the U.S. market. This could have a material negative effect on the Group's business, operating results and financial position and may result in Orexo having to reconsider its operational strategy on the U.S. market.

*Orexo is a specialty pharmaceutical company with commercialised products and a portfolio of products in development phase*

The Group's pipeline currently contains eight ongoing development programs, of which three are out licensed to partners. In addition, Orexo is discussing a possible partner agreement regarding OX-51. Apart from specific milestone payments, these programs have not generated substantial and enduring revenues to the Group and will perhaps never do so. The Group's investments in product development are subject to the risk of failure that accompanies every drug developer, including the risk that one or all of Orexo's product candidates proves ineffective, dangerous, toxic or in any other manner proves incapable to meet applicable regulatory requirements, to receive the requisite approvals or permits from regulatory bodies, or otherwise prove difficult to develop as a commercially viable product. Should any of the abovementioned risks materialise, it could have a negative effect on the Group's business, operating results and financial position.

*Altered macro-economic factors including changes to the pricing of pharmaceutical products may affect the Company and the Group*

The pricing and the demand of pharmaceutical products may be adversely affected by a downturn in the general economy in the U.S. and/or in the EU, as well as on other major pharmaceutical markets, such as Japan and Canada. An economic downturn could, among other things, put pressure on healthcare payers, including authorities, insurance companies and hospitals, resulting in a lower willingness to pay for pharmaceutical products which, together with, *inter alia*, other changes in aforementioned payers' budgets, could result in reduced reimbursement for Zubsolv® or any other of the Group's present and potential future products. Furthermore, several initiatives to curb rising pharmaceutical costs have been or are being implemented in the U.S. and in the EU, as well as on other major pharmaceutical markets, which could affect future sales margins and product sales for pharmaceutical companies, including Orexo. Such measures are expected to continue and could result in fewer reimbursement possibilities and/or lower reimbursement levels in certain markets.

Accordingly, deteriorated macro-economic conditions and changes to rules regarding the pricing of pharmaceutical products could have a negative effect on the Group's business, operating results and financial position.

*The level of market reception of Orexo's products could decrease or become negative, which could hinder Orexo from maintaining profitability*

Hospitals, physicians and patients may conclude that the Group's products are too expensive, less safe and/or ineffective or otherwise less attractive than other therapies or procedures available on the market. There is a risk that hospitals, physicians, patients or the medical community in general will not accept or use any of the Group's products that currently are being marketed or any product that may receive necessary regulatory approvals in the future. Should such decline in the market reception for said products materialise, it could have a negative effect on the Group's business, operating results and financial position.

*Loss of material market access/re-imburement contracts*

In order to market and distribute pharmaceuticals in public healthcare sectors, Orexo is dependent on certain agreements within private and state prescription drug programs (e.g. with respect to U.S. markets, insurance companies and pharmacy benefit managers (PBM) such as CVS Caremark or UnitedHealth Group). Any changes in such programs or in the agreements would impact the Company's cash flow. There is a risk that existing state prescription drug programs or agreements are amended or that new programs will develop or new agreements be entered into. In the event a material program would change or Orexo would fail to retain or gain such material agreements with respect to the distribution of pharmaceuticals, it could have a negative effect on the Group's business, operating results and financial position.

*Since Orexo has a history of losses and its future profitability is uncertain, investments in Orexo carries risk*

Orexo has experienced significant operating losses from the inception of its business operations in 1995. The financial year 2016 was the first profitable year in Orexo's history, largely due to strong sales of Zubsolv® on the U.S. market and good cost control. A significant proportion of Orexo's expenses are fixed, including expenses related to facilities, equipment and personnel. There is a risk that Orexo will not succeed in maintaining profitability or generate sufficient revenues or positive cash flow to sustain its operations. Orexo expects that future revenues generated by the products already commercialised as well as from the licensing of new product candidates, may fluctuate substantially. Should any such fluctuations be material and sustained, the Group may have to restructure its business and/or find alternative financing sources, which could have a negative effect on the Group's business, operating results and financial position, which in turn would affect the Bondholders' investments.

*If Orexo's clinical trials are not successful, Orexo may not be able to successfully develop and license or commercialise its potential product candidates*

To obtain regulatory approvals for the commercial sale of the Company's product candidates, the Group and its collaborating partners will be required to complete human clinical trials to demonstrate the safety and efficacy of the product candidates. There is a risk that Orexo and its collaborating partners will not obtain permits from regulatory bodies to commence or complete such clinical trials. Further, if such clinical trials are commenced, they may prove that Orexo's product candidates are

not sufficiently safe and effective to the extent necessary to permit Orexo and its collaborating partners to obtain marketing approvals for its product candidates from regulatory bodies. Moreover, positive results demonstrated in early formulation development studies and clinical trials that Orexo and its collaborating partners conduct may not be representative of results obtained in future clinical trials. Furthermore, Orexo, its collaborating partners, institutional review boards, or regulatory bodies may suspend clinical trials at any time if it is believed that the subjects or patients participating in such trials are being exposed to unacceptable health risks. Negative or inconclusive clinical trial results concerning any of Orexo's product candidates may require Orexo and its collaborating partners to conduct additional clinical trials, which could result in increased costs, significant delay in filings for approval with regulatory bodies and/or result in a filing for a narrower indication, or force Orexo and its collaboration partners to abandon the commercialisation of the product candidate. Should any of the abovementioned risks materialise, this could have a negative effect on the Group's business, operating results and financial position.

#### *Parallel imports*

There is a risk that discrepancies in pharmaceutical pricing between the markets on which Orexo or its partners operate could lead to an increase in parallel imports, which means that Orexo's products could be purchased at a lower price in certain markets and compete with the Company's sales in other markets, which would affect the pricing strategies of Orexo and/or the Group. Such parallel imports resulting in discrepancies in pricing could have a negative impact on Orexo's business, operating results and financial position.

#### *Orexo's future success is dependent on key personnel and third party contractors*

Orexo is highly dependent on certain key personnel, both in-house personnel and certain personnel employed by the Group's partners. The loss of any of the Company's or, as applicable, any partner's key employees could delay or obstruct Orexo's sales of existing products and affect its development programs. To a large extent, Orexo's operations are also dependent on the Company's ability to attract and retain highly qualified science and management personnel, as well as personnel with expertise in clinical trials and governmental regulation. Orexo faces competition in recruiting and retaining personnel from other companies, universities, public and private research institutions, government entities and other organisations. If Orexo is unsuccessful in its recruitment and retention efforts, this could have a negative impact on the Company's business, operating results and financial position.

#### *Orexo continuously evaluates acquisition and integration opportunities*

Orexo continuously evaluates opportunities to acquire products and businesses as part of its day-to-day business activities. A successful acquisition and integration process creates increased value. The acquisition and integration of new products and business units is associated with uncertainty, for example the risk that costs related to an acquisition become higher than expected or that future results and synergy effects do not correspond with expectations. There is also a risk that any contractual arrangements made with the sellers of such products or business units prove ineffective should any problems or unforeseen risks materialise following the acquisition. Moreover, transactions can lead to costs which may be significant and which may not be recovered or compensated for in the event, for example, a transaction is not completed. Any such unforeseen events in connection with acquisitions of products and businesses could have a negative effect on the Group's business, operating results and financial position.

*Orexo's competitors have greater financial resources and may develop new technologies or products that are more efficient, cheaper or appear to be more cost-efficient than Orexo's products*

Many potential competitors of the Group have greater financial resources and expertise in research and development, clinical trials, obtaining regulatory approvals and marketing than the Group. Orexo competes with several companies and institutions, including pharmaceutical companies, biotechnology companies, academic institutions and research organisations in marketing and development of drugs. Competitors may develop more efficient, more affordable or more practical products or may achieve earlier patent protection or commercialisation of their products than Orexo. Also, such competitors may have greater access to hospitals, physicians, patients or the medical community in general for purposes of marketing a competing product. These competing products may render Orexo's products obsolete or may limit the ability of Orexo to generate revenue, which could have a negative effect on the Group's business, operating results and financial position.

Technology controlled by third parties that may be advantageous to the Group's operations may be acquired or licensed by Orexo's competitors, thereby preventing Orexo from obtaining such technology on commercially reasonable terms, or at all. If Orexo is unable to successfully compete with existing and potential competitors, it could have a negative effect on the Company's business, operating results and financial position.

*Orexo may be exposed to product liability claims and may not be able to obtain or maintain adequate product liability insurance*

The business of Orexo exposes the Company to the risk of product liability claims that is inherent in the manufacturing, testing, and marketing of pharmaceuticals. Orexo may not be able to obtain or maintain insurance on acceptable terms, or at all. Moreover, any insurance that Orexo does obtain may not provide adequate protection against potential liabilities. There is, furthermore, a considerable reputational risk pertaining to any liability claims being directed towards the Group, where Orexo's brand name, even if such claims prove unfounded, could be subject to extensive negative publicity, thus jeopardising further clinical trials and marketing of approved products. Should any of the abovementioned risks materialise, it could have a negative effect on the Group's business, operating results and financial position.

*Orexo's operations are concentrated to a handful of facilities*

A material disruption or force of nature such as fires, explosions, floods or other disasters resulting in significant damage to any of the facilities in which the Company or the Group pursues its operations could significantly disrupt or curtail Orexo's operations and could have an adverse effect on Orexo's financial position and earnings.

### **Financing risks**

*Orexo may require substantial additional funds to maintain and develop the business and, if additional capital is not available, Orexo may need to limit or cease its operations*

Orexo has used and may continue to require external funding to conduct commercialisation, research and development as well as clinical trials with regard to the Company's product candidates. Orexo may be required to seek additional external funding in the future to continue its operations. Additional financing may not be available to Orexo on acceptable terms, or at all. If Orexo is unable to obtain funding on a timely basis, the Company may be required to significantly curtail one or more of its current activities.

*Orexo is exposed to currency risks in export/import transactions*

Orexo's accounting is prepared in SEK and the Company has its main operations in Sweden. The Company markets and distributes its products in countries other than Sweden, primarily in the US, and also receives license fees in currencies other than SEK. Assets, liabilities, income and expenses in foreign currencies give rise to currency exposure. A weakening of the SEK against other currencies increases Orexo's reported assets, liabilities, income and expenses, while a strengthening of the SEK against other currencies reduces these items. Orexo may use currency hedging instruments. There is, however, a risk that any such measures will prove inefficient. Major currency fluctuations between SEK and other currencies could thus have an adverse effect on Orexo's business, operating results and financial position.

*Orexo is exposed to interest-rate risks*

The primary goal of Orexo's management of interest-rate risk is to reduce the negative impact of fluctuations in interest rates. There is a risk that the Company's management of interest-rate risk will fail in delivering the desired results, and fluctuations in market interest rates may therefore negatively impact Orexo's financial position and earnings.

*Orexo is exposed to credit and counterparty risks*

Credit and counterparty risks refer to the risk of counterparties being unable to meet their obligations to repay a debt or make interest payments on such a debt. Orexo performs ongoing assessments of its credit risks and any counterparties' credit ratings, but there is a risk that such assessments prove to be incorrect. Should the Company's assessments be wrong or otherwise incomplete, or should any counterparties be unable to meet their obligations, this may have a negative impact on the Company's financial position and earnings.

*Orexo may risk losing the entitlement to utilise its loss carry-forwards*

Orexo has significant accumulated loss carry-forwards. Ownership changes that mean that the controlling influence over the Company changes may result in limitations (fully or in part) in the entitlement to utilise such loss carry-forwards in the future.

The opportunity of utilising the loss carry-forward in the future may also be impacted by changes in legislation. For example, on 20 June 2017, the Swedish Ministry of Finance submitted a memorandum for remittance (Sw. *remiss*) including proposals on the introduction of a new system for corporate taxation in Sweden. As part of the proposal, the Swedish Ministry of Finance has proposed general limitations on interest deduction. The remittance period has just ended and the potential impact of the proposal is still unclear. The proposal can enter into force at the earliest on 1 July 2018 and, if implemented, may have a negative impact on Orexo's financial position and earnings.

*Incentive programs*

Orexo has introduced a number of share-based incentive programs in the form of employee stock options, warrants and shares with the aim of motivating and rewarding key employees through partial ownership, thereby promoting the Company's long-term interests. There is a risk that such goals or targets will not be achieved through Orexo's incentive programs, which may result in the Company's employees performing less efficiently than desired. Furthermore, share-based incentive programs always entail an inherent risk from a tax perspective. There is a risk that the Company's

assessments of applicable tax laws and regulations are inaccurate, which may lead to a future increased tax burden and/or fines that may consequently affect the Company's financial position.

#### **Risks associated with corporate collaborations**

*Orexo depends on, and is expected to continue to depend on, collaborating partners to manufacture, market, sell, develop, conduct clinical trials with and obtain regulatory approvals for Orexo's products.*

Orexo relies on third parties to market and distribute products, conduct clinical trials of Orexo's product candidates and develop and manufacture certain products that utilise Orexo's technology. In the event these third parties do not carry out their contractual obligations or meet expected deadlines, the third parties need to be replaced, or if the quality or accuracy of the work performed is inadequate, planned marketing activities and clinical trials may be extended, delayed or terminated. Expected revenues from commercialised products are also dependent on sales and marketing performed by external companies. Any failure from such partners would have a negative impact on the Group's ability to develop, commercialise and license its products, which could have a negative effect on the Company's business, operating results and financial position.

*If Orexo is unable to enter into additional partner agreements, Orexo may not be able to commercialise its products or continue the development of the Company's product candidates*

If Orexo is not successful in its efforts to enter into requisite partner arrangements with respect to the continued commercialisation of its products or development of its pipeline candidates, the Group may not have sufficient funds to carry out such activities alone. This would result in higher costs and expenses for Orexo rendering the anticipated revenues significantly lower than anticipated, or even non-existing, which in turn, could have a negative effect on the Company's business, operating results and financial position.

*Orexo has a limited distribution infrastructure and relatively limited sales and marketing experience and relies on third parties to a significant extent, which may impair the commercialisation of Orexo's products*

Apart from the activities carried out by the wholly-owned U.S. subsidiary on the U.S. market, the Group has limited sales and marketing experience and limited distribution infrastructure in other markets. Orexo relies to a great extent on sales, marketing and distribution agreements with third parties. Orexo may have limited or no control over the sales, marketing and distribution activities of these third parties. If Orexo decides to expand its own sales organisation for any of the Company's products on additional markets, the Company's costs may increase significantly in the short term and could entail negative effects on the Company's business, operating results and financial position.

*Orexo does not have any large-scale manufacturing capacity and must rely on third parties to manufacture the Company's products or incur significant costs to develop such capacity*

At present, Orexo does not have, and does not intend to develop, any capacity to handle large-scale manufacturing in-house. Only a limited number of manufacturers can supply certain pharmaceuticals. In addition, the manufacturing process for Orexo's products is highly regulated and Orexo will need to contract with manufacturers that can meet the relevant regulatory bodies' requirements on an ongoing basis. Orexo may experience difficulties in obtaining adequate manufacturing capacity for its needs. If Orexo is unable to obtain or maintain contract manufacturing of its products, or fails to do so on commercially reasonable terms, Orexo may not be able to

successfully benefit financially from its products, which could have a negative effect on the Company's business operating results and financial position.

### **Risks associated with legislation and other provisions**

*Orexo is and may be subject to various disputes and legal proceedings with third parties or regulatory and administrative authorities*

Claims or legal proceedings and actions may in the future be made or initiated against the Group which may have significant negative effects on the Company's financial position, performance and market position or on the pricing of the Bonds.

The Group may for example be adversely affected by the ongoing dispute with Actavis (see above) and/or future legal disputes and proceedings may adversely affect the Group. Such disputes may involve alleged intellectual property infringements, the validity of certain patents, product liability and other commercial disputes. Disputes and claims can be time consuming and disrupt operations. Furthermore, litigation processes are costly and there is a risk that some of Orexo's competitors may be able to sustain the costs of complex patent litigation more effectively than Orexo because they have substantially greater resources. In the event Orexo would fail to enforce its patent rights or any other rights, Orexo and/or its collaboration partners may be forced to, *inter alia*, obtain additional licenses in order to continue to manufacture or market the affected products and processes. Such licenses required under a third-party patent may not be made available on commercially acceptable terms, if at all. In addition, some licenses may be non-exclusive, and therefore, Orexo's competitors may have access to the same technology as the technology licensed to Orexo. In some proceedings, the counterparties may seek damages and other remedies, which, if imposed or charged, would require expenditures by the Company. If any of the abovementioned factors materialise, this could have an adverse effect on the Company's business operating results and financial position.

*Orexo's facilities and processes, and those of Orexo's collaborating partners, are subject to regulatory requirements, which may delay or disrupt Orexo's operations*

Orexo and its collaborating partners are subject to continuing requirements to comply with regulatory obligations such as safety reporting requirements and additional requirements following receipt of further marketing approvals. In addition, Orexo or its third-party manufacturers are required to comply with regulations setting forth current proper manufacturing practices.

Orexo is also subject to laws on data protection and Orexo processes and stores a variety of protected personal data. Moreover, a new EU General Data Protection Regulation (the "GDPR") has been adopted and will be applicable to Orexo, as well as other companies, as of 25 May 2018. The GDPR includes several new requirements that must be complied with by Orexo and failure to comply with GDPR may result in significant administrative fines and damaged reputation.

Changes in legislation may result in increased costs for regulatory compliance and administration costs for the Group. Moreover, if Orexo fails to comply with applicable regulatory requirements, Orexo may be liable to pay damages or fines and/or subject to suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and prosecution, which could adversely affect the Company's business, operating results and financial position.

*The manufacture and storage of pharmaceutical and biological products are subject to environmental regulation and risk*

Because of the chemical ingredients used in pharmaceutical products and the nature of their manufacturing process, the pharmaceutical industry is subject to stringent environmental regulations and to the risk of incurring liability for damages or costs of remedying, decontaminating or investigating environmental problems. There is a risk that Orexo, or its partners, will not be able to obtain the operating licenses necessary to conduct the Company's business in the future. If Orexo fails to comply with environmental regulations relating to the proper use, discharge or disposal of hazardous materials or otherwise fails to comply with conditions attached to operating permits, such permits could be revoked and Orexo could be subject to criminal sanctions and incur substantial liability and costs, and could thus be required to suspend or modify its operations. Should any of the abovementioned risks materialise, it could have a negative effect on the Company's business, operating results and financial position.

*Healthcare system reforms may negatively impact Orexo's operations and profitability*

The pharmaceutical industry is heavily affected by laws and other regulations. Such regulations include development and approval processes, quality controls, documentation requirements and pricing regimes. Over time, new legislation is likely to be enacted, which, in an attempt to reduce the public's healthcare costs, could significantly alter the regulatory framework that governs pre-clinical and clinical studies, regulatory approvals, production and marketing of regulated products as well as the pricing thereof. For example, there is currently an ongoing political discussion in the U.S. regarding sharp price increases of certain pharmaceutical products over the last few years. The dilemma faced by governments is that they have to balance the conflicting interests of reducing healthcare costs whilst also incentivising the pharmaceutical industry to develop new pharmaceutical products and treatments for diseases where major medical needs exist. In addition, regulations from supervisory authorities, and their guidelines, may be revised or reinterpreted in ways that can significantly affect the operations of pharmaceutical companies, including Orexo. Such changes, revisions and/or reinterpretations may result in requirements of further pre-clinical and clinical studies, changes to production methods as well as withdrawals or terminations of authorisations for certain products, increased documentation obligations and limitations on or revisions of applicable pricing mechanisms, which could have a negative effect on the Company's business operating results and financial position.

Changes in the reimbursement and payment systems for pharmaceutical products may impact Orexo's ability to operate profitably. There is a risk that such proposals result in changes, affect or will affect Orexo's ability to raise capital, find additional collaboration partners and market the Company's products. Orexo's earnings may be negatively impacted by future healthcare reforms. The success of Orexo depends upon the eligibility of reimbursement for its products distributed to private and government sponsored healthcare payment systems. Any development that would eliminate or reduce reimbursement rates for Orexo's products in any of Orexo's existing or potential markets, could have an adverse effect on the ability of Orexo to sell its products or cause the Company's customers in these markets to use less expensive products, which could have negative effect on the Company's business, operating results and financial position.

**Risks associated with Orexo's intellectual property**

*If Orexo is unable to obtain and enforce sufficient intellectual property protection for its commercialised products, technologies and product candidates, the Company's ability to market,*

*develop and license its products will be harmed and Orexo may not be able to operate its business profitably*

The success of the Group depends on its ability to protect methods and technologies that the Group develops under the relevant patent protection and other intellectual property laws of various countries, so that Orexo can prevent others from using the Group's inventions and protected information. There is also a risk that pending patent applications may not result in issued patents. Since certain patent applications are confidential until patents are issued, third parties may have filed patent applications for technology covered by Orexo's pending applications without Orexo being aware thereof, whereby Orexo's patent applications may not have priority over the applications of others. There is a risk that the Group's efforts to protect its rights are insufficient and unauthorised parties may be able to obtain and use information that Orexo regards as proprietary. Moreover, the mere issuance of a patent does not guarantee that it is valid or enforceable against third parties. The patent position of pharmaceutical or biotechnology companies, including Orexo, is generally uncertain and comprises complex factual and legal assessments. The rules applied by patent offices in various countries for the granting of patents are not always applied in a predictable or uniform manner and may be subject to change.

Orexo further relies on unpatented trade secrets, know-how and continuing technological innovation to develop and maintain its competitive position. Orexo's failure to protect its trade secrets, know-how and technologies may undermine its competitive position and adversely affect the value of Orexo's commercialised products, technologies and product candidates.

Any inability for the Group to protect and enforce its patent protection and other intellectual property rights may have negative effects on the Company's business, operating results and financial position.

*Orexo is dependent on collaboration agreements with respect to the transfer of intellectual property*

Several of Orexo's intellectual property rights, for example the rights pertaining to OX-MPI and OX-CLI, are transferred to collaboration partners or third parties. In order to benefit financially from the development and research of such patents, Orexo is dependent on, for example, milestone payments and royalty payments, and is thus dependent on stable agreements and continuous collaboration relationships. There is a risk that any such relationships are impaired or agreements are declared void or invalid.

Furthermore, the royalty payments that may be received by the Group under certain license agreements are partially determined by the duration of patents and the potential introduction on generic pharmaceuticals on the relevant market. For example, in accordance with the terms and conditions of the license agreement pertaining to the Company's product Edluar®, the potential introduction of generic products would cause a reduction on the royalty payment that may be received by Orexo.

In the event any of the abovementioned risks would materialise, the cash flow generated by intellectual property transferred onto partners or third parties could decrease, which, in turn, could have a negative effect on the Company's business operating results and financial position.

## **Risks relating to the Bonds**

*Credit risk*

An investment in the Bonds carries a credit risk relating to the Company and the Group. The investor's ability to receive payment under the Terms and Conditions is therefore dependent upon the Company's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Another aspect of the credit risk is that any deterioration in the financial position of the Group may entail a lower credit-worthiness and the possibility for the Group to receive financing may be impaired when the Bonds mature.

#### *Refinancing risk*

The Group may be required to refinance certain or all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance its debt obligations is dependent upon the conditions on the capital markets and its financial position at such time. The Group's access to financing sources may not be available on favourable terms, or at all. The Group's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the Bondholders' recovery under the Bonds.

#### *Interest rate risk*

The value of the Bonds is dependent on several factors, including the level of the general market interest rates over time. The Bonds have a floating rate structure of three (3) months STIBOR plus a margin and the interest rate of the Bonds will be determined two (2) business days prior to the first day of each interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. An increase of the general interest rate level could adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the Swedish and the international financial development and is outside the Group's control.

#### *Ability to comply with the Terms and Conditions*

The Company is required to comply with the Terms and Conditions. Events beyond the Company's control, including changes in the economic and business condition in which the Group operates, may affect the Company's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. Further, there is a risk that a breach of the Terms and Conditions will result in a default under the Terms and Conditions.

#### *Liquidity risk*

The Company has undertaken to list the Bonds on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain, admitted to trading on another regulated market. The Company has undertaken to complete such listing within 60 calendar days after the First Issue Date, but it is the Company's intention to complete such listing within 30 calendar days after the First Issue Date. After such listing, the Company shall ensure that the Bonds continue being listed on Nasdaq Stockholm (or another regulated market, as applicable). There is a risk that the Bonds will not be admitted to trading. Further, even if securities, including the Bonds, are admitted to trading on Nasdaq Stockholm (or another regulated market, as applicable), there is not always active trading in the securities. Consequently, there is a risk that there will not be a liquid market for trading in the Bonds even if the Bonds are listed. This may result in that the Bondholders cannot 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. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if they are admitted for trading on Stockholm (or another regulated market, as applicable).

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 market price of the Bonds may be volatile*

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's operating results, financial position or prospects.

The Bonds may not be a suitable investment for all investors

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 material 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.

*Currency risk*

The Bonds will be denominated and payable in SEK. If investors in the Bonds measure their investment return by reference to a currency other than SEK, an investment in the Bonds will entail foreign exchange-related risks. For example, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect

an applicable exchange rate or the ability of the Company to make payments in respect of the Bonds. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal at all.

#### *Dependence on subsidiaries*

A significant part of the Group's assets and revenues relate to the Company's subsidiaries. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities within the Group to enable it to make payments under the Bonds. The Company's subsidiaries are legally separate and distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the Company's subsidiaries to make such payments to the Company is subject to, among other things, the availability of funds.

Should the value of the business conducted in the subsidiaries decrease, and/or should the Company not receive sufficient income from its subsidiaries, the investors' ability to receive payment under the Terms and Conditions may be adversely affected.

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

In the event of insolvency, liquidation or a similar event relating to one of the Company's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Company, 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 may result in the obligation of the Company 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 Company and its assets would not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

#### *Majority owner*

Following any potential change of control in the Company, the Company may be controlled by majority shareholders whose interest may conflict with those of the Bondholders', particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder has legal power to control a large amount of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the Bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial position. According to the Terms and Conditions, if a change of control event occurs, the Bondholders have however a right of prepayment of the Bonds (put option). There is thus a risk that the Company does not have enough liquidity to repurchase the Bonds if the Bondholders use their right of prepayment, see further under Section Risks related to early redemption and put option below.

#### *Risks related to early redemption and put option*

As stipulated in the Terms and Conditions, the Company has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the Bondholders have the right to receive an early redemption amount that exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for Bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and that they may only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each Bondholder (put option) if one or more persons (other than the main shareholder, Novo Holdings A/S) acting together, acquire control over the Company (a so called Change of Control Event). There is a risk that the Company in the event that the Bondholders choose to exercise a put option will not have sufficient funds available at the time of such prepayment to make the required prepayment of the Bonds. If the Company is unable to prepay the Bonds upon a put option, this would adversely affect the Company, e.g., by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all Bondholders and not only those that choose to exercise the option.

#### *Unsecured obligations*

The Bonds represent unsecured debt obligations of the Company. This means that if the Company is subject to any dissolution, winding-up, liquidation, restructuring, administrative or other bankruptcy or insolvency proceedings, the Bondholders normally receive payment after any priority creditors have been paid in full. The Bondholders will only have an unsecured claim against the Company. As a result, the Bondholders may not recover any or all of its investment.

Furthermore, the Group may, subject to certain limitations, incur additional financial indebtedness including providing security and/or guarantees for such indebtedness. Consequently, an enforcement of material security provided under any such secured obligations would have a material negative effect on the value of the Group's assets, the Group's operations and the Bondholders' possibility to claim recovery under the Bonds. In addition, in the event of bankruptcy, restructuring or winding-up of the Company, the Bondholders will be subordinated in right of payment out of the assets being subject to security.

Each investor should therefore be aware that by investing in the Bonds, there is a risk that the investor loses all or part of its investment if the Company becomes liquidated, bankrupt, insolvent, carries out a restructuring or is wound-up.

#### *No action against the Company and Bondholders' representation*

As stipulated in the Terms and Conditions, the Agent (being on the First Issue Date Nordic Trustee & Agency AB (publ)) represents all Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking actions on their own against the Company. Consequently, individual Bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Company and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action. However, the possibility that a Bondholder, in certain situations, could bring its own action against the Company (in breach of the Terms and Conditions) could negatively impact an acceleration of the Bonds or other action against the Company. To enable the Agent to represent Bondholders in

court, the Bondholders may have to submit a written power of attorney for legal proceedings. The failure of all Bondholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Agent has in some cases the right to make decisions and take measures that bind all Bondholders. Consequently, the actions of the Agent in such matters could impact a Bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Bondholders.

#### *Bondholders' meetings*

The Terms and Conditions include certain provisions regarding Bondholders' meeting. Such meetings may be held in order to resolve on matters relating to the Bondholders' interests. The Terms and Conditions allow for stated majorities to bind all Bondholders, including Bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted Bondholders' meeting. Consequently, the actions of the majority in such matters could impact a Bondholder's rights in a manner that would be undesirable for some of the Bondholders.

#### *Restrictions on the transferability of the Bonds*

The Bonds have not been and will not be registered under the Securities Act, or any U.S. state securities laws. Subject to certain exemptions, a Bondholder may not offer or sell the Bonds in the U.S. The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. Each potential investor must observe and obey the transfer restrictions that apply to the Bonds. It is each Bondholder's obligation to ensure that its offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a Bondholder cannot sell its Bonds as desired.

#### *Risks relating to the clearing and settlement in Euroclear's book-entry system*

The Bonds will be affiliated to Euroclear's account-based system, and no physical Bonds will be issued. Clearing and settlement relating to the Bonds is carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear's account-based system, which is a factor that the Company cannot control. If Euroclear Sweden's account-based system would not function properly, there is a risk that investors would not receive payments under the Bonds as they fall due.

#### *Amended or new legislation*

The Terms and Conditions are based on Swedish law in force at the First Issue Date of the Bonds. The impact of any possible future legislative measures or changes, or changes to administrative practices, may give rise to risks which are not possible to foresee. Accordingly, amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

#### *Conflict of interests*

The Sole Bookrunner has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Company and the Group in the ordinary course of

business. Accordingly, there is a risk that conflicts of interest may exist or may arise as a result of the Sole Bookrunner having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## **Responsible for the information in the Prospectus**

The Company issued the Bonds on 13 November 2017. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Bonds on Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act, each as amended.

The Company is responsible for the information given in this Prospectus. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

The board of directors is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Uppsala on 29 November 2017

**Orexo AB (publ)**

*The board of directors*

## The Bonds in brief

*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 (see below section “Overview of financial reporting and documents incorporated by reference”) and the full Terms and Conditions for the Bonds, which can be found in section “Terms and Conditions for the Bonds”, before a decision is made to invest in the Bonds.*

*Concepts and terms defined in section “Terms and Conditions for the Bonds” are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.*

## Summary of the Bonds

The Bonds are debt instruments (Sw. *skuldförbindelser*) of the type set forth in Chapter 1 Section 3 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*), which confirms that each Bondholder has a claim against the Company and which are intended for public market trading. The Company resolved to issue the Bonds on 23 October 2017. The Net Proceeds from the Initial Bond Issue shall be used towards (i) repayment in full of net outstanding amount (being SEK 342,000,000 which excludes bonds held by the Issuer) under the Issuer’s maximum SEK 1,000,000,000 senior unsecured callable floating rate bonds 2014/2018 with ISIN SE0005932159, and (ii) general corporate purposes. The proceeds from any Subsequent Bond Issue shall be used for general corporate purposes (including acquisitions). The First Issue Date for the Bonds was 13 November 2017 and the Bonds will mature on 13 November 2021.

The aggregate nominal amount of the Bonds is maximum SEK 500,000,000 represented by Bonds denominated in SEK with ISIN SE0010494450, each with a Nominal Amount of SEK 1,000,000. The Bonds were issued at a price equal to 100.00 per cent. of the Nominal Amount. As of the date of this Prospectus, SEK 325,000,000 of the bond loan has been issued.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear Sweden AB, registration number 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. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system.

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

The Company shall redeem all outstanding Bonds at 100.00 per cent. of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date, unless previously redeemed or repurchased in accordance with Clause 10 (*Redemption, repurchase and prepayment*) or terminated in accordance with Clause 16 (*Termination of the Bonds*) of the Terms and Conditions.

The Company may choose to redeem all, but not only some, of the Bonds in full (i) on any Business Day prior to the First Call Date, at an amount equal to the Make Whole Amount or (ii) on any

Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the applicable Call Option Amount together with accrued but unpaid interest (see further Clause 10.3 (*Early voluntary redemption by the Issuer (call option)*) of the Terms and Conditions).

The Company may on one occasion during each twelve (12) months period make partial prepayments of Bonds in an amount corresponding to a maximum of ten (10.00) per cent. of the Initial Nominal Amount per Bond at a price of one hundred and two (102.00) per cent. of the Nominal Amount to be prepaid (provided that at least seventy-five (75.00) per cent. of the Initial Nominal Amount per Bond remains outstanding after such prepayment), together with any accrued but unpaid interest on the prepaid amount (see further Clause 10.4 (*Voluntary partial prepayment (amortisation)*) of the Terms and Conditions).

Upon a Change of Control Event occurring, each Bondholder has a right of pre-payment (put option) of its Bonds at a price of one hundred and one (101.00) per cent. of the Nominal Amount together with accrued but unpaid interest (see further Clause 10.5 (*Mandatory repurchase due to a Change of Control Event (put option)*) of the Terms and Conditions).

If the release of the Refinancing Proceeds from the Escrow bank has not been fulfilled on or before sixty (60) calendar days following the First Issue Date (see further Clause 14 (*Conditions precedent for first disbursement*) of the Terms and Conditions), the Company shall redeem all Bonds at a price equal to one hundred (100.00) per cent. of the Nominal Amount together with any accrued but unpaid interest (see further Clause 10.6 (*Mandatory redemption due to failure to fulfil the Conditions Precedent for First Disbursement*) of the Terms and Conditions).

Payment of the Nominal Amount and/or interest will be made to the person who is a registered Bondholder on the Record Date immediately preceding the relevant payment date. Payments shall be made in SEK. The right to receive payment of the Nominal Amount is time-barred and becomes void ten (10) years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Bonds issued under the Initial Bond Issue bear interest from, but excluding, the First Issue Date or, in case of Subsequent Bonds, such Subsequent Bond will bear interest from, but excluding, the Interest Payment Date falling immediately prior to its issuance, up to, and including, the Relevant Redemption Date at a floating rate of STIBOR (3 months) + 4.50 per cent. *per annum* (STIBOR floor of zero (0)). Interest is paid quarterly in arrears on each Interest Payment Date and is 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-days basis). The Interest Payment Dates are 13 February, 13 May, 13 August and 13 November each year (with the first Interest Payment Date on 13 February 2018 and the last Interest Payment Date being the Final Redemption Date). The right to receive payment of interest is time-barred and becomes void three (3) years from the relevant due date for payment.

Nordic Trustee & Agency AB (publ), registration number 556882-1879, P.O. Box 7329, SE-103 90, Stockholm, Sweden is acting as Agent for the Bondholders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorisation from the Bondholders and without having to obtain any Bondholder's consent (if not required to do so under the Terms and Conditions), the Agent, or a person appointed by the Agent, is entitled to represent the Bondholders in every matter concerning the Bonds and the Finance Documents. The Agent is authorised to act on behalf of the Bondholders 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 Company. Each Bondholder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), as the Agent deems necessary for the purpose of carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request of the Agent.

An agreement was entered into between the Agent and the Company on 30 October 2017 regarding, *inter alia*, the remuneration payable to the Agent. The rights, obligations and the representation of the Agent are set forth in the Terms and Conditions and the Agent Agreement. The Terms and Conditions are set out herein and are further available at the Company's web page, [www.orexo.se](http://www.orexo.se), and the Agent Agreement is available at the office of the Agent during normal business hours.

Each of the Company, the Agent and Bondholders representing at least ten (10.00) per cent. of the Adjusted Nominal Amount, may request that a Bondholders' Meeting is convened (see further Clause 18 (*Decisions by Bondholders*) and Clause 19 (*Bondholders' Meeting*) of the Terms and Conditions) or request a Written Procedure (see further Clause 20 (*Written Procedure*) of the Terms and Conditions). Such Bondholders' Meeting or Written Procedure may, upon votes representing a relevant majority of Bondholders eligible for voting, cause resolutions to be validly passed and binding on all Bondholders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall *firstly* be applied towards payment *pro rata* of all costs and expenses incurred by and any remuneration payable to the Agent under the Terms and Conditions and the Agent Agreement, *secondly* in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds, *thirdly* in or towards payment *pro rata* of any unpaid principal under the Bonds and *fourthly* in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents. Any excess funds shall be transferred to the Company.

The Bonds are freely transferrable and trading can occur from the relevant Issue Date. Bondholders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Bondholder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

Bondholders located in the United States are not permitted to transfer Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (e) pursuant to any other available exemption from registration under the Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act.

To simplify trading in the Bonds, the Company intends to apply for listing of the Bonds on Nasdaq Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Bonds being admitted to trading if the application is approved by Nasdaq Stockholm is 325. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is expected to be on or about 1 December 2017. The fact that an application regarding listing of the Bonds on Nasdaq Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 150,000.

The Terms and Conditions includes an undertaking for the Company to ensure that the Bonds are listed on Nasdaq Stockholm. According to Clause 12.2 (*Listing of shares and Bonds*) of the Terms and Conditions, the Company shall ensure that Bonds issued in the Initial Bond Issue are listed on Nasdaq Stockholm no later than sixty (60) calendar days after the First Issue Date (with an intention to complete such listing within thirty (30) calendar days after the First Issue Date). The Company may at one or more occasions after the First Issue Date issue Subsequent Bonds. Any Subsequent Bonds issued shall be listed on Nasdaq Stockholm within 15 Business Days from the relevant Issue Date for such Bonds. For the avoidance of doubt, Bonds issued in any Subsequent Bond Issue may be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority.

## The Company and its operations

### Introduction

Orexo AB (publ) is a public limited liability company registered in Sweden with registration number 556500-0600, having its registered address at P.O. Box 303, SE-751 05, Uppsala, Sweden. The Company is domiciled in Uppsala municipality, Sweden. The Company was formed on 18 November 1994 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 25 November 1994. The Company is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*).

### Share capital, shares, ownership structure and governance

According to its articles of association, the Company's share capital shall be no less than SEK 5,000,000 and not more than SEK 20,000,000 divided into no less than 12,500,000 shares and not more than 50,000,000 shares. The Company's current share capital amounts to SEK 14,041,834<sup>1</sup> divided among 35,104,585 shares, of which 34,539,585 are ordinary shares (Sw. *stamaktier*) and 565,000 are class C shares (Sw. *C-aktier*). Ordinary shares entitle the holder to one (1) vote per share and class C shares entitle the holder to one tenth (1/10) vote per share. The shares are denominated in SEK. The Company is publicly traded with its ordinary shares being listed on Nasdaq Stockholm since 2005. The shares are traded under the short name ORX, with ISIN SE0000736415. Since 13 November 2013, the Company's has American Depositary Receipts (ADR), under the symbol ORXOY, listed on the OTCQX market of the OTC Markets Group Inc., which is a market for over-the-counter securities in the U.S.

The Company is the parent company in the Group. The Group consists of the Company and four directly and wholly owned subsidiaries. The Group's operational business is mainly conducted in Sweden and the U.S., whereas the Group's commercial operations mainly take place in the U.S. Since the majority of the revenues of the Group come from the Company's operational subsidiaries, the Company is dependent upon such subsidiaries.

As of 31 December 2016, there were 7,021 shareholders of the Company.<sup>2</sup> As of the date of this Prospectus, the largest shareholders of the Company, each of which holding more than ten (10) per cent. of the share capital, were Novo Holdings A/S with approximately 27.5 per cent. of the share capital and HealthCap with approximately 11.3 per cent. of the share capital.<sup>3</sup>

The shareholders' influence is exercised through active participation in the decisions made at general meetings of the Company. To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act and the Swedish Code of Corporate Governance (Sw. *svensk kod för bolagsstyrning*), which is binding upon companies admitted to trading on a regulated market and considered to be a part of good practice on the securities market. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the board of directors of the Company.

<sup>1</sup> The Company's e-registration certificate per 23 October 2017.

<sup>2</sup> The Company's audited annual report 2016, p. 25.

<sup>3</sup> The Company's website, see <http://orexo.com/en/investors/the-share/>.

## Business and operations

The object of the Company's business, which is set forth in paragraph 3 of its articles of association, is to directly or indirectly, conduct research and development, manufacturing, marketing and sale of pharmaceutical products and diagnostic compounds, to manage real and movable property and any other activities compatible therewith.

The Company is a specialty pharmaceutical company with commercial operations in the U.S. and research and development operations in Sweden. The Company develops improved pharmaceuticals and treatments using its proprietary drug delivery technology. The products are commercialised by the Company in the U.S. or via selected partners worldwide. The Company's main focus is to improve the treatment of opioid dependence, starting with Zubsolv®, a product for maintenance treatment of opioid dependence, launched in the U.S. in September 2013. The main market for the Company is the U.S. market where Zubsolv® is marketed and distributed.

The Company's development expertise is within the area of reformulation technologies, in particular sublingual formulations. The Company's proprietary commercial portfolio consists of Zubsolv® for the treatment of opioid dependence. Zubsolv® is currently the only brand marketed by the Company. The Company currently aims to launch Zubsolv® for opioid dependence treatment also in the EU, and has, together with Mundipharma AB and its network of independent associated companies, who have acquired all rights to Zubsolv® outside the U.S., completed a submission that was filed with the European Medicines Agency (EMA) in October 2016. The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) issued a positive opinion for the use of Zubsolv® as opioid dependence treatment within the EU.<sup>4</sup> The European Commission is now reviewing the CHMP opinion and a final decision is expected in Q4 2017.

Additionally, the commercial portfolio consists of outlicensed products. Abstral® (treatment for breakthrough cancer pain), is marketed in the U.S. (commercialised by Sentyln Therapeutics which is a wholly-owned subsidiary of Zydus Cadila), the EU and Japan (commercialised by Kyowa Kirin), and Edluar® (treatment for insomnia), is commercialised by Mylan N.V. ("Mylan") (which in 2016 acquired the Company's former partner Meda Aktiebolag (publ) ("Meda")) and marketed in the U.S. and the EU. Furthermore, the Company engages in several development projects, currently OX-CLI (treatment for asthma and COPD), OX-MPI (treatment for inflammation), OX51 (treatment for acute pain episodes) and OX382 (technology development of oral formulation of buprenorphine).<sup>5</sup>

The Company currently also develops a second-generation sublingual formulation technology, all of which are in an exploratory phase.<sup>6</sup> In addition, the Company has two non-disclosed projects, both of which will also fall into the addiction category and with the ambition to provide clear clinical differentiation versus currently available treatment alternatives.<sup>7</sup>

## Litigation

The Company currently has initiated several legal proceedings towards Actavis Elizabeth LLC, Actavis Pharma, Inc., and their parent company Teva ("Actavis"), regarding their development of generic pharmaceutical products rendering, in the Company's view, patent infringement with regard

<sup>4</sup> The Company's quarterly report, reviewed by auditors, for the period 1 January–30 September 2017, p. 10.

<sup>5</sup> The Company's quarterly report, reviewed by auditors, for the period 1 January–30 September 2017, pp. 9–12.

<sup>6</sup> The Company's quarterly report, reviewed by auditors, for the period 1 January–30 September 2017, p. 11.

<sup>7</sup> The Company's quarterly report, reviewed by auditors, for the period 1 January–30 September 2017, p. 11.

to Zubsolv® in the U.S. In November 2016, the Company announced that the U.S. District Court for the District of Delaware ruled in favour of the Company in one of the patent infringement litigations against Actavis regarding Zubsolv® in the U.S.<sup>8</sup> The decision regarded the patent litigation regarding Actavis's generic versions of Zubsolv® 1.4 mg /0.36 mg and 5.7 mg/1.4 mg buprenorphine/naloxone products, and Orexo's U.S. patent nos. 8,454,996 (the “**996 patent**”), expiring in September 2019, and patent no. 8,940,330 (the “**330 patent**”), expiring in September 2032. The district court held that the Company's '996 patent is valid and infringed by Actavis, and that the Company's '330 patent is invalid. The decision prevents Actavis from commercialising their products in the U.S. before 24 September 2019. The Company has appealed the decision rendered by the U.S. District Court for the District of Delaware regarding the validity of the '330 patent, expiring in September 2032, protecting Zubsolv®.<sup>9</sup> Oral hearing took place October 4, in the Court of Appeals for the Federal Circuit, Washington DC. Two new patents issued in 2016, both expiring in 2032, are subject to separate litigations. The Company has initiated legal proceedings against Actavis regarding these two patents. However, the proceedings are, following an agreement between the court and the involved parties, put on hold awaiting the decision with regard to '330 patent.

On 1 March 2017, the Company announced that it has filed another patent infringement action in U.S. District Court for the district of Delaware against Actavis. The Company alleged that the generic versions of Suboxone® and Subutex® tablets infringed the '996 patent.<sup>10</sup> Actavis's generic version of Suboxone® was approved by the FDA in February 2013 and their generic version of Subutex® in February 2015. The Company seeks compensation for damages caused by the infringement since the approval of these two products.

Apart from the involvement in the litigations as described above, the Company has not, during the previous twelve months, been and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

#### **Material agreements**

No Group company is party to any material agreement outside the ordinary course of business which could result in such company having a right or an obligation that could materially affect the Company's ability to meet its obligations to the Bondholders.

#### **Credit rating**

Neither the Company nor the Bonds have a credit rating from an international credit rating institute.

#### **Significant adverse changes and recent events**

There has been no material adverse change in the prospects of the Company since the date of publication of its last audited financial report and, other than the issuance of the Bonds on 13 November 2017, no significant change in the financial or market position of the Group since the end of the last financial period for which interim financial information has been published.

<sup>8</sup> The Company's audited annual report 2016, p. 28.

<sup>9</sup> The Company's audited annual report 2016, p. 28

<sup>10</sup> The Company's press release submitted for publication at 8.00 am CET on 1 March 2017.

In addition to the description of any recent events above, any relevant recent events are set forth below.

On 16 June 2017, the Company announced that the Company had resolved to issue and immediately thereafter repurchase 230,000 class C shares. The shares were issued and repurchased in accordance with the long-term incentive program, LTIP 2017, which was adopted by the annual general meeting on 6 April 2017.<sup>11</sup>

On 2 October 2017, the Company announced that the Company had signed an asset purchase agreement with Gesynta Pharma AB. Under the agreement, Gesynta Pharma AB acquires the assets relating to the OX-MPI programme and now progresses the lead candidate drug (a highly selective anti-inflammatory compound targeting microsomal prostaglandin E synthase (mPGES-1)) into proof-of-concept clinical trials. The Company will receive a tiered double digit share of the future revenues that Gesynta Pharma AB generates from the OX-MPI project.<sup>12</sup>

### **Shareholders' agreements**

As far as the Company is aware, there are no shareholders' agreements or other agreements which could result in a change of control of the Company.

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<sup>11</sup> The Company's press release submitted for publication at 5.45 pm CET on 16 June 2017.

<sup>12</sup> The Company's press release submitted for publication at 8.00 am CET on 2 October 2017.

## **Board of directors, senior management and auditors**

The business address for all members of the board of directors and the senior management is: Orexo AB, P.O. Box 303, SE-751 05 Uppsala, Sweden. The board of directors of the Company currently consists of seven (7) members. Information on the members of the board of directors and the senior management, including significant assignments outside the Company, which are relevant for the Company, is set forth below.

### **Board of directors**

#### *Martin Nicklasson*

Born 1955 and of Swedish nationality. Chairman of the board of the Company since 2012. Current assignments outside the Company include as chairman of the board in Zealand Pharma A/S and Kymab Group Ltd, board member of Basilea Pharmaceutical Ltd and Biocrine AB, as well as member of the Royal Swedish Academy of Engineering Sciences (IVA). As of the 31 December 2016, Martin Nicklasson held 10,000 shares and as stock options entitled to 162,916 shares, and was independent in relation to the Company, its management and in relation to its major shareholders.

#### *Raymond G. Hill*

Born 1945 and of British nationality. Board member of the Company since 2008. Current assignments outside the Company include as visiting professor at Bristol and Imperial Universities, member of UK Government Advisory Council on Misuse of Drugs, president emeritus at the British Pharmacological Society, member of the Pharmaceutical Sciences Expert Advisory Panel, Royal Pharmaceutical Society, non-executive director of Covagen AG (sold to J&J September 2014), Asceneuron SA, Addex Pharmaceuticals Ltd and Avilex Pharma A/S. As of the 31 December 2016, Raymond G. Hill held stock options entitled to 8,746 shares, and was independent in relation to the Company, its management and in relation to its major shareholders.

#### *Staffan Lindstrand*

Born 1962 and of Swedish nationality. Board member of the Company since 2002. Current assignments outside the Company include as partner of HealthCap (Odlander, Fredrikson & Co AB), chairman of Ancilla AB and Pactumize AB, board member of HealthCap Aktiebolag, HealthCap 1999 GP Aktiebolag, HealthCap Annex Fund I-II GP AB, HealthCap IV GP Aktiebolag, HealthCap III Sidefund GP AB, HealthCap Holdings GP Aktiebolag, HealthCap Orx Holdings GP AB, Glinova AB, Cantharus AB, Linhold AB, PulmonX Inc. and 20/10 Perfect Vision AG. As of the 31 December 2016, Staffan Lindstrand held 981 shares in the Company, and was independent only to the Company and its management.

#### *Christina Schauman*

Born 1965 and of Swedish nationality. Board member of the Company since 2012. Current assignments outside the Company include as member of the board and chairman of the Audit Committee of Apoteket AB, ÅF AB, BillerudKorsnäs Aktiebolag (publ), Coor Service Management Holding AB (including the assignment as member of the remuneration committee) and Ellos Group Holding AB (publ), member of the board of Livförsäkringsbolaget Skandia Ömsesidigt (publ) and BEWi Group AB (publ) as well as board member and managing director of Calea AB and board member in Rädga Barnens ServiceAktiebolag. As of the 31 December 2016, Christina Schauman held 20,000 shares (and 4,000 by legal entity), and was independent in relation to the Company, its management and in relation to its major shareholders.

*Michael Shalmi*

Born 1965 and of Danish nationality. Board member of the Company since 2010. Current assignments outside the Company include as managing director and head of Large Investments at Novo Holdings A/S. As of the 31 December 2016, Michael Shalmi held no shares in the Company, and was independent only to the Company and its management.

*David Colpman*

Born 1961 and of British nationality. Board member of the Company since 2015. Current assignments outside the Company include as director of Colpman Consulting Ltd, member of the Royal Pharmaceutical Society, board member of HRA Pharma SA, advisor to Sunstone Capital, various business development and commercial positions at Glxo Wellcome, Novo Nordisk and Boots Pharmaceuticals. As of the 31 December 2016, David Colpman held no shares in the Company, and was independent in relation to the Company, its management and in relation to its major shareholders.

*Kirsten Detrick*

Born 1965 and of American nationality. Board member of the Company since 2016. Current assignments outside the Company include as general manager of Takeda Pharma GmbH, managing director of Takeda Austria GmbH and Takeda Osteuropa Holding GmbH. As of the 31 December 2016, Kirsten Detrick held no shares in the Company and was independent in relation to the Company, its management and in relation to its major shareholders.

**Senior management***Nikolaj Sørensen*

Nikolaj Sørensen is the Chief Executive Officer of the Company since 2013.

*Robert A. DeLuca*

Robert A. DeLuca is the President of Orexo U.S. Inc. since 2013.

*Henrik Juuel*

Henrik Juuel is Executive Vice President and the Chief Financial Officer of the Company since 2013.

*Johannes Doll*

Johannes Doll is the Executive Vice President and Head of Corporate Development since 2016.

*Jesper Lind*

Jesper Lind is the Chief Operating Officer of the Company since 2013.

*Michael Sumner*

Michael Sumner is the Chief Medical Officer of the Company since 2013.

**Auditors**

PricewaterhouseCoopers AB was the Company's auditor up and until the financial year 2015 with Lars Kylberg, member of FAR, as the auditor-in-charge. At the annual general meeting on 15 April 2016, Ernst & Young Aktiebolag was elected as the Company's auditor, with Björn Ohlsson, member of FAR, as the auditor-in-charge. As for the historical financial information that has been

incorporated in this Prospectus by reference concerning the financial year 2015 and the period up and until the date of the annual general meeting on 15 April 2016, PricewaterhouseCoopers AB has been the Company's auditor. As for the historical financial information that has been incorporated in this Prospectus by reference, for the period from, but excluding the date of the annual general meeting 2016 on 15 April 2016, Ernst & Young Aktiebolag has been the Company's auditor. The business address to the Company's previous auditor, PricewaterhouseCoopers AB, is Klostergatan 9, S:t Per Gallerian, SE-753 21 Uppsala, Sweden. The business address to the Company's current auditor, Ernst & Young Aktiebolag, is Stationsgatan 12, P.O. Box 1448 SE-751 44, Uppsala, Sweden.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditors.

**Conflicts of interests**

None of the members of the board of directors or the senior management of the Company has a private interest that potentially may be in conflict with the interests of the Company.

Although there are currently no conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the board of directors or the senior management have duties, as described above, and the Company.

**Financial interests**

Several members of the board of directors and all members of the senior management have financial interests in the Company through their holdings of shares and employee stock options in the Company.

## Overview of financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Company's financial statements presented below are set out in the following and have been consistently applied to all the years presented, unless otherwise stated.

The financial information for the financial year ending 31 December 2015 and for the financial year ending 31 December 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act.

The Company's consolidated annual reports for the financial years ended 31 December 2015 and 31 December 2016 have been incorporated in this Prospectus by reference. The consolidated annual reports have been audited by the Company's auditor and the auditor's report has been incorporated in this Prospectus through the consolidated annual reports for the financial years ended 31 December 2015 and 31 December 2016 by reference.

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

Reference	Document	Page
Financial information regarding the Company and its business for the financial year ended 31 December 2015	Orexo AB (publ)'s consolidated annual report for the financial year ended 31 December 2015	- 33 (Consolidated income statement), - 34 (Consolidated statement of financial position), - 35 (Consolidated statement of changes in shareholders' equity), - 36 (Consolidated cash flow statement), - 37 (Parent Company income statement), - 38 (Parent Company statement of financial position), - 39 (Parent Company statement of changes in shareholders' equity), - 40 (Parent Company cash flow statement), - 41–68 (Notes), - 71 (Definitions of Key-Figures).
Auditor's report for the financial year ended 31 December 2015	Orexo AB (publ)'s consolidated annual report for the financial year ended 31 December 2015	- 70 (Auditor's Report)
Financial information regarding the Company and its business for the	Orexo AB (publ)'s consolidated annual report	- 36 (Consolidated income statement), - 37 (Consolidated statement of financial position),

financial year ended 31 December 2016	for the financial year ended 31 December 2016	<ul style="list-style-type: none"> <li>- 38 (Consolidated statement of changes in shareholders' equity ),</li> <li>- 39 (Consolidated cash flow statement),</li> <li>- 40 (Parent Company income statement),</li> <li>- 41 (Parent Company statement of financial position),</li> <li>- 42 (Parent Company statement of changes in shareholders' equity),</li> <li>- 43 (Parent Company cash flow statement),</li> <li>- 44–69 (Notes),</li> <li>- 74 (Definitions and compliance of Key-Figures).</li> </ul>
Auditor's report for the financial year ended 31 December 2016	Orexo AB (publ)'s consolidated annual report for the financial year ended 31 December 2016	- 70–73 (Auditor's Report)

The abovementioned reports are available in electronic form on the Company's web page [www.orexo.se](http://www.orexo.se) and can also be obtained from the Company in paper format in accordance with section "*Documents available for inspection*" below.

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus.

**Documents available for inspection**

Copies of the following documents can be obtained from the Company in paper format upon request during the validity period of this Prospectus at the Company's head office.

- The articles of association of the Company.
- All documents which by reference are a part of this Prospectus, including historical financial information for the Company and its subsidiaries.

**Terms and Conditions for the Bonds**

**TERMS AND CONDITIONS FOR  
OREXO AB (PUBL)  
MAXIMUM SEK 500,000,000  
SENIOR UNSECURED CALLABLE FLOATING RATE  
BONDS 2017/2021**

**ISIN: SE0010494450**

First Issue Date: 13 November 2017

*The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. 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 other than QIBs.*

**Gernandt & Danielsson**

**TERMS AND CONDITIONS FOR  
OREXO AB (PUBL)  
MAXIMUM SEK 500,000,000  
SENIOR UNSECURED CALLABLE FLOATING RATE BONDS  
2017/2021  
ISIN: SE0010494450**

**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 Nominal Amount of all Bonds owned by a Group Company or an Affiliate of a Group Company, irrespective of whether such Person is directly registered as owner of such Bonds.

“**Advance Purchase Agreements**” means (i) 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 ninety (90) calendar days after the date of supply, or (ii) any other trade credit incurred in the ordinary course of business.

“**Affiliate**” means 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.

“**Agent**” means the Bondholders’ agent and security agent under these Terms and Conditions and, if relevant, the other Finance Documents, from time to time; initially Nordic Trustee & Agency AB (publ) (reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden).

“**Agent Agreement**” means the agreement entered into on or about the First Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the First Issue Date between the Issuer and an Agent.

“**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.

“**Bond Issue**” means the Initial Bond Issue and any Subsequent Bond Issue.

“**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) 102.50 per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but excluding) the date falling thirty (30) months after the First Issue Date;
- (b) 102.00 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 up to (but excluding) the date falling thirty-six (36) months after the First Issue Date;
- (c) 101.50 per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-six (36) months after the First Issue Date up to (but excluding) the date falling forty-two (42) months after the First Issue Date;
- (d) 101.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling forty-two (42) months after the First Issue Date up to (but excluding) the date falling forty-five (45) months after the First Issue Date; and
- (e) 100.50 per cent. of the Nominal Amount if the call option is exercised on or after the date falling forty-five (45) months after the First Issue Date up to (but excluding) the Final Redemption Date.

“**Cash and Cash Equivalents**” means 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 (other than Novo) acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than fifty (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, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (i) 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, (ii) if provided in connection with a Financial Report being made available, that the Maintenance Test is met, and (iii) if provided in connection with an application of the Incurrence Test, that the Incurrence Test is met and including calculations and figures in respect of the ratio of Net Interest Bearing Debt to EBITDA and the Interest Coverage Ratio.

“**Conditions Precedent for First Disbursement**” means all actions and documents set forth in Clause 14.1.

“**Conditions Precedent to the First Issue Date**” means all actions and documents set forth in Clause 13 (*Conditions Precedent to the First Issue Date*).

“**Condition Subsequent**” means all actions and documents set forth in Clause 15.1.

“**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).

“**Derivative Transaction**” has the meaning set forth in paragraph (e) of the definition “Permitted Debt”.

“**EBITDA**” means, in respect of the Relevant Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s):

- (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 which are not in line with the ordinary course of business;
- (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) after adding back or deducting, as the case may be, 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 Group Companies.

**“Escrow Account”** means the Issuer's bank account with account number 13070124143 held by the Issuer with the Escrow Bank which has been pledged under the Escrow Account Pledge Agreement.

**“Escrow Account Pledge Agreement”** means the pledge agreement entered into between the Issuer and the Agent on or about the First Issue Date in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Agent and the Bondholders (represented by the Agent).

**“Escrow Bank”** means Danske Bank A/S, Danmark, Sverige Filial (reg. no. 516401-9811).

**“Event of Default”** means an event or circumstance specified in Clause 16.1.

**“Existing Bonds”** means the net outstanding amount (being SEK 342,000,000 which excludes bonds held by the Issuer) under the Issuer's SEK 1,000,000,000 senior unsecured callable floating rate bonds 2014/2018 with ISIN SE0005932159.

**“Final Redemption Date”** means 13 November 2021.

**“Finance Charges”** means, for the Relevant 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 Report(s) (calculated on a consolidated basis) without taking into account any Transaction Costs or any unrealised gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis.

**“Finance Documents”** means these Terms and Conditions, the Agent Agreement, the Escrow Account Pledge Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

“**Finance Lease**” has the meaning set forth in paragraph (b) of the definition “Financial Indebtedness”.

“**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 leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles as applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability) (a “**Finance Lease**”), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the First Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases (the “**Operational Lease Freeze**”);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction having the commercial effect of a borrowing (including any forward sale or purchase agreement);
- (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);
- (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 the above paragraphs (a) to (f).

“**Financial Report**” 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 paragraphs (a) and (b) of Clause 12.11.1 (*Financial reporting etcetera*).

“**First Call Date**” means the date falling twenty-four (24) months after the Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“**First Issue Date**” means 13 November 2017.

“**Force Majeure Event**” has the meaning set forth in Clause 28.1.

“**Group**” means the Issuer and all the Subsidiaries from time to time (each a “**Group Company**”).

“**Incurrence Test**” means the ratios specified in Clause 11.2 (*Incurrence Test*).

“**Initial Bond Issue**” means the issuance of Bonds on the First Issue Date.

“**Initial Nominal Amount**” means SEK 1,000,000.

“**Interest**” means the interest on the Bonds calculated in accordance with Clause 9 (*Interest*).

“**Interest Coverage Ratio**” means the ratio of EBITDA to Net Finance Charges.

“**Interest Payment Date**” means 13 February, 13 May, 13 August and 13 November each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 13 February 2018 and the last Interest Payment Date being the Final Redemption Date).

“**Interest Period**” means each period beginning on (but excluding) the First Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of Subsequent Bonds, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means a floating rate of STIBOR (3 months) + 4.50 per cent. *per annum*.

“**Issue Date**” means the First Issue Date and any other date on which Subsequent Bonds are issued.

“**Issuer**” means Orexo AB (publ) (reg. no. 556500-0600, P.O. Box 303, SE-751 05, Uppsala, Sweden).

“**Issuing Agent**” means Pareto Securities AB, (reg. no. 556206-8956, P.O. Box 7415, SE-103 91 Stockholm, Sweden) or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Maintenance Test**” means the test set out in Clause 11.1 (*Maintenance Test*).

“**Make Whole Amount**” means an amount equal to the sum of:

- (a) the present value on the relevant record date of 102.50 per cent. of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and
- (b) the present value on the relevant record date of the remaining Interest payments (excluding accrued but unpaid Interest up to the relevant Redemption Date) up to and including the First Call Date (assuming 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),

each calculated by using a discount rate of fifty (50.00) basis points over the comparable Swedish Government Bond Rate (i.e. comparable to the remaining duration of the Bonds until the First Call Date) (together with accrued but unpaid interest on the redeemed amount up to the relevant redemption date) and where “relevant record date” shall mean a date agreed upon between the Agent, the CSD and the Issuer in connection with such repayment.

“**Market Loan**” means any loan or other indebtedness where an entity issues commercial paper, 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 Nasdaq Stockholm or any other Regulated Market or unregulated recognised market place.

“**Material Adverse Effect**” means a material adverse effect on (i) the business, financial condition or operations of the Group taken as a whole, (ii) the Issuer’s ability or willingness to perform and comply with its payment and other undertakings under the Finance Documents or (iii) the validity or enforceability of the Finance Documents.

“**Material Group Company**” means the Issuer or a Subsidiary representing more than five (5.00) per cent. of either (i) the Total Assets (for the avoidance of doubt, excluding any intra-group transactions) or (ii) the EBITDA of the Group according to the latest consolidated Financial Report.

“**Nasdaq Stockholm**” means the Regulated Market of Nasdaq Stockholm Aktiebolag (reg. no. 556420-8394, SE-105 78 Stockholm, Sweden).

“**Net Finance Charges**” means, for the Relevant Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Relevant Period to any Group Company and any interest income relating to Cash and Cash Equivalents investments of the Group.

“**Net Interest Bearing Debt**” means the aggregate interest bearing debt less Cash and Cash Equivalents of the Group according to the latest Financial Report or per the relevant testing date if measured in relation to the Incurrence Test, in accordance with the Accounting Principles but adjusted in accordance with the Operational Lease Freeze.

“**Net Proceeds**” means the proceeds from the Initial Bond Issue or any Subsequent Bond Issue which, after deduction has been made for the Transaction Costs payable by the Issuer to the Issuing Agent and the sole bookrunner for the services provided in relation to the placement and issuance of the Bonds, shall be transferred to the Escrow Account and used in accordance with Clause 4 (*Use of proceeds*).

“**Nominal Amount**” means the Initial Nominal Amount, less the aggregate amount by which each Bond has been redeemed, repurchased or prepaid in part pursuant to Clause 10 (*Redemption, repurchase and prepayment of the Bonds*).

“**Novo**” means Novo A/S (reg. no. 242576430).

“**Operational Lease Freeze**” has the meaning set forth in paragraph (b) of the definition “Financial Indebtedness”.

“**Permitted Basket**” has the meaning set forth in paragraph (k) of the definition “Permitted Debt”.

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

- (a) incurred under the Finance Documents (including pursuant to any Subsequent Bond Issue, if such incurrence meets the Incurrence Test (calculated *pro forma* including such incurrence));
- (b) incurred under the Existing Bonds until repaid in full in accordance with Clause 4.2;
- (c) related to any agreements under which a Group Company leases office space (*Sw. kontorshyresavtal*) or other premises provided that such Financial Indebtedness is incurred in the ordinary course of such Group Company’s business;
- (d) taken up from a Group Company;
- (e) 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 these Terms and Conditions (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes) (“**Derivative Transaction**”);
- (f) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holds Financial Indebtedness, provided that the Incurrence Test is met, calculated *pro forma* including the acquired entity in question, however should the Incurrence Test not be met, a clean-up period of sixty (60) calendar days is permitted to unwind such Financial Indebtedness;
- (g) incurred in the ordinary course of business under Advance Purchase Agreements;
- (h) incurred by the Issuer if such Financial Indebtedness (i) meets the Incurrence Test (calculated *pro forma* including such incurrence), (ii) ranks *pari passu* with or is subordinated to the obligations of the Issuer under these Terms and Conditions and under the Agent Agreement and (iii) has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;
- (i) of the Group under any pension and tax liabilities incurred in the ordinary course of business;
- (j) incurred under a credit facility for working capital purposes, in an aggregate amount not at any time exceeding SEK 100,000,000 and incurred in the ordinary course of the Group’s business (the “**Working Capital Facility**”); and

- (k) not permitted by paragraphs (a) to (j) above in an aggregate amount not at any time exceeding SEK 15,000,000 and incurred in the ordinary course of the Group's business (all such Financial Indebtedness is together referred to as the "**Permitted Basket**").

"**Permitted Security**" means any guarantee or Security:

- (a) provided in accordance with the Finance Documents;
- (b) provided in relation to any agreement under which a Group Company leases office space (*Sw. kontorshyresavtal*) or other premises provided that such lease constitutes Permitted Debt;
- (c) arising by operation of law or in the ordinary course of business (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);
- (d) provided in relation to a Derivative Transaction in the form of guarantees from other Group Companies or Cash or Cash Equivalents;
- (e) provided by an entity acquired by a Group Company, provided that the debt secured or guaranteed with such Security or guarantee constitutes Permitted Debt in accordance with paragraph (f) of the definition "Permitted Debt", and, if applicable, following a repayment of such debt, that the Security or guarantee is released immediately after such repayment; and
- (f) provided in relation to the Working Capital Facility or the Permitted Basket and not consisting of Security over shares in any Group Company or, if provided in relation to a Finance Lease which constitutes Permitted Debt, is granted only in the leased asset in question.

"**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.

"**QIB**" means "Qualified Institutional Buyers" within the meaning of Rule 144A under the Securities Act.

"**Quotation Day**" means, in relation to (i) 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) 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 (5th) 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 10 (*Redemption, repurchase and prepayment of the Bonds*).

“**Reference Date**” means 31 March, 30 June, 30 September and 31 December in each year for as long as any Bonds are outstanding.

“**Refinancing Proceeds**” means the part of the Net Proceeds from the Initial Bond Issue to be used towards refinancing the Existing Bonds in full (reduced with the amount related to roll-over bonds) including accrued but unpaid interest and any applicable early redemption premium.

“**Regulated Market**” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

“**Relevant Period**” means each period of twelve (12) consecutive calendar months.

“**Restricted Payment**” has the meaning set forth in Clause 12.1.

“**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.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended from time to time.

“**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.

“**SEK**” means the lawful currency of Sweden.

“**STIBOR**” means:

- (a) the applicable percentage rate *per annum* displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; or
- (b) if no such rate as set out in paragraph (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period and (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11 a.m. on the Quotation Date; or

- (c) if no rate is available for the relevant Interest Period pursuant to paragraph (a) and/or (b) above, 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 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 SEK offered in the Stockholm interbank market for the relevant period,

and if the STIBOR rate is below zero, STIBOR will be deemed to be zero (0).

“**Subsequent Bond**” means any Bond issued in a Subsequent Bond Issue.

“**Subsequent Bond Issue**” means Subsequent Bonds issued by the Issuer under these Terms and Conditions after the First Issue Date.

“**Subsidiary**” means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50.00) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50.00) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (iv) exercises control as determined in accordance with the Accounting Principles.

“**Swedish Government Bond Rate**” means the yield to maturity at the time of computation of direct obligations of Sweden, acting through the Swedish National Debt Office (a Swedish Government Bond; *Sw. statsobligation*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two (2) Business Days (but not more than five (5) Business Days) prior to the relevant Record Date for the Redemption Date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the relevant Redemption Date to the First Call Date; provided, however, that if the period from the relevant Redemption Date to the First Call Date is not equal to the constant maturity of a direct obligation of Sweden, acting through the Swedish National Debt Office for which a weekly average yield is given, the Swedish Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth (1/12) of a year) from the weekly average yields of direct obligations of Sweden, acting through the Swedish National Debt Office, for which such yields are given, except that if the period from such Redemption Date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

“**Total Assets**” means the aggregate book value of the Group’s total assets on a consolidated basis according to the latest Financial Report.

“**Transaction Costs**” means all fees, costs and expenses incurred by a Group Company in connection with (i) the Initial Bond Issue or a Subsequent Bond Issue, (ii) the repayment of the Existing Bonds (iii) the listing of the Bonds on Nasdaq Stockholm.

“**Working Capital Facility**” has the meaning set forth in paragraph (j) of the definition “Permitted Debt”.

“**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) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) 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 or regulatory, self-regulatory or other authority or organisation;
- (d) an Event of Default is continuing if it has not been remedied or waived;
- (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 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.

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

1.2.4 No delay or omission of the 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 THE AMOUNT, SUBSEQUENT BONDS AND UNDERTAKING TO MAKE PAYMENTS**

- 2.1 The aggregate amount of the bond loan will be an amount of up to SEK 500,000,000 which will be represented by Bonds, each at the Nominal Amount, or full multiples thereof.
- 2.2 The total Nominal Amount of the Bonds issued in the Initial Bond Issue is SEK 325,000,000. All Bonds issued in the Initial Bond Issue are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Initial Nominal Amount.
- 2.3 The ISIN for the Bonds is SE0010494450.
- 2.4 The minimum permissible investment in connection with the Initial Bond Issue is SEK 1,000,000, and integral multiples thereof.
- 2.5 The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds under these Terms and Conditions, amounting to in total up to the difference of SEK 500,000,000 and the volume issued in the Initial Bond Issue, provided that:
- (a) the Incurrence Test is met (calculated *pro forma* including the Subsequent Bond Issue); and
  - (b) no Event of Default is continuing or would result from (i) the expiry of a grace period, giving of notice, making of any determination or any combination of any of the foregoing or (ii) the issue of the Subsequent Bonds.
- 2.6 Subsequent Bonds shall be issued 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 Bonds issued in the Initial Bond Issue shall also apply to Subsequent Bonds.
- 2.7 The price of Subsequent Bonds may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount.
- 2.8 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 2.9 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions.
- 2.10 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 agreements.

## **3 STATUS OF THE BONDS**

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them.

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

- 4.1 The Net Proceeds from the Initial Bond Issue shall be transferred to the Escrow Account by the Issuing Agent. For the purpose of securing that the Conditions Precedent for First Disbursement have been fulfilled before any disbursement of the Net Proceeds is made, the Escrow Account will be pledged in favour of the Agent and the Bondholders (represented by the Agent) in accordance with the Escrow Account Pledge Agreement. The pledge over the Escrow Account shall be released when the Condition Subsequent set out in Clause 15 (*Condition Subsequent*) has been fulfilled and all payments from the Escrow Account have been made.
- 4.2 Upon fulfilment of the Conditions Precedent for First Disbursement, the Agent shall instruct the Escrow Bank to transfer the Refinancing Proceeds standing to the credit of the Escrow Account to be applied towards repayment in full of the Existing Bonds. Any residual amounts standing to the credit of the Escrow Account shall be transferred upon fulfilment of the Condition Subsequent to a bank account specified by the Issuer to be used for general corporate purposes.
- 4.3 The proceeds from any Subsequent Bond Issue shall be used for general corporate purposes (including acquisitions).

#### **5 THE BONDS AND TRANSFERABILITY**

- 5.1 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.
- 5.2 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.
- 5.3 Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.
- 5.4 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.
- 5.5 The Bonds have not been registered under the Securities Act and the Issuer is under no obligation to arrange for registration of the Bonds under the Securities Act or under any other law or regulation.
- 5.6 The Bonds are not offered to and may not be subscribed by investors located in the United States except for QIBs. In the application form relating to the Bonds, each person applying for the Bonds must confirm whether it is a U.S. person as defined in Rule 902

of Regulation S under the Securities Act, and if it is a U.S. person it must confirm, *inter alia*, that it is a QIB.

- 5.7 Bondholders located in the United States are not permitted to transfer Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (e) pursuant to any other available exemption from registration under the Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act.
- 5.8 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.

## **6 BONDS IN BOOK-ENTRY FORM**

- 6.1 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.
- 6.2 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.
- 6.3 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.
- 6.4 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 the Finance Documents, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 6.5 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.

- 6.6 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.
- 6.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 6.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

## **7 RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

- 7.1 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.
- 7.2 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.
- 7.3 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 Clauses 7.1 and 7.2 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.

## **8 PAYMENTS IN RESPECT OF THE BONDS**

- 8.1 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.
- 8.2 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. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record 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 to the Persons

who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.

- 8.3 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 9.4 during such postponement.
- 8.4 If payment or repayment is made in accordance with this Clause 8 (*Payments in respect of the Bonds*), 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 of that the payment was being made to a Person not entitled to receive such amount.
- 8.5 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.

## **9 INTEREST**

- 9.1 The 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, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.
- 9.2 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.
- 9.3 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-days basis).
- 9.4 If the Issuer fails to pay any amount payable by it under the Finance Documents 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.

## **10 REDEMPTION, REPURCHASE AND PREPAYMENT**

### **10.1 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.

## **10.2 The Group Companies' 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. However, Bonds held by the Issuer may be cancelled if made in connection with a full redemption of the Bonds.

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

- 10.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day prior to the First Call Date, at an amount equal to the Make Whole Amount together with accrued but unpaid Interest.
- 10.3.2 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the applicable Call Option Amount together with accrued but unpaid Interest.
- 10.3.3 Redemption in accordance with Clauses 10.3.1 and 10.3.2 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.

## **10.4 Voluntary partial prepayment (amortisation)**

- 10.4.1 The Issuer may on one occasion during each twelve (12) months period (without carry-back or carry-forward) make partial prepayments of Bonds in an amount corresponding to a maximum of ten (10.00) per cent. of the Initial Nominal Amount per Bond at a price of one hundred and two (102.00) per cent. of the Nominal Amount to be prepaid (provided that at least seventy-five (75.00) per cent. of the Initial Nominal Amount per Bond remains outstanding after such prepayment), together with any accrued but unpaid interest on the prepaid amount.
- 10.4.2 Any such partial prepayment shall reduce the Nominal Amount of each Bond *pro rata* (rounded down to the nearest SEK 1.00).
- 10.4.3 The prepayment must occur on an Interest Payment Date and the Issuer shall give not less than twenty (20) Business Days' notice of the prepayment to the Agent and the Bondholders.

## **10.5 Mandatory repurchase due to a Change of Control Event (put option)**

- 10.5.1 Upon a Change of Control Event occurring, each beneficial bondholder or direct registered owner (*Sw. rättmätige innehavare eller direktregistrerad innehavare*) shall

have the right to request that all, but not only some, of its Bonds are repurchased and each nominee (*Sw. förvaltare*) shall have the right to request that all of its Bonds held, or only some, are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred and one (101.00) per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of thirty (30) calendar days following receipt of a notice from the Issuer of the Change of Control Event pursuant to Clause 12.11.1 (e). The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event.

10.5.2 The notice from the Issuer pursuant to Clause 12.11.1(e) shall specify the repurchase date and include instructions about the actions that a beneficial bondholder or direct registered owner and/or nominee needs to take if it wants Bonds held by it to be repurchased. If a beneficial bondholder or direct registered owner and/or nominee 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 Clause 12.11.1 (e). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 10.5.1.

10.5.3 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 10.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10.5 by virtue of the conflict.

10.5.4 Any Bonds repurchased by the Issuer pursuant to this Clause 10.5 may at the Issuer's discretion be retained, sold or cancelled, provided that Bonds may only be cancelled if permitted under Clause 10.2 (*The Group Companies' purchase of Bonds*).

#### **10.6 Mandatory redemption due to failure to fulfil the Conditions Precedent for First Disbursement**

10.6.1 If the Conditions Precedent for First Disbursement have not been fulfilled on or before sixty (60) calendar days following the First Issue Date, the Issuer shall redeem all Bonds at a price equal to one hundred (100.00) per cent. of the Nominal Amount together with any accrued but unpaid interest.

10.6.2 The Agent may partly fund the redemption with the amounts standing to the credit on the Escrow Account.

10.6.3 The redemption of the Bonds shall (i) be executed on the first Interest Payment Date (taking into account the rules and regulations of the CSD) and (ii) be made by the Issuer giving not less than ten (10) Business Days' notice to the Bondholders and the Agent, where such notice shall state the relevant Interest Payment Date on which the redemption shall be made, the redemption amount and the relevant Record Date.

## **11 FINANCIAL UNDERTAKINGS**

### **11.1 Maintenance Test**

- 11.1.1 The Issuer shall procure that Cash and Cash Equivalents of the Group at all times is at least SEK 50,000,000.
- 11.1.2 The Maintenance Test shall be tested quarterly on the basis of the Financial Report for the period covered by the relevant Reference Date and set out in the Compliance Certificate delivered in connection therewith.
- 11.1.3 The first test date for the maintenance Test shall be 31 December 2017.

### **11.2 Incurrence Test**

- 11.2.1 The Incurrence Test is met if:
- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than two (2.00); and
  - (b) the Interest Coverage Ratio exceeds four (4.00),
- both adjusted in accordance with Clauses 11.3 to 11.4 below.
- 11.2.2 The Incurrence Test shall be applied in connection with:
- (a) the incurrence of Financial Indebtedness; or
  - (b) a Restricted Payment being made,
- until and including the Final Redemption Date.

### **11.3 Calculation of the Incurrence Test**

- 11.3.1 The calculation of the ratio of Net Interest Bearing Debt to EBITDA shall be made as per a testing date determined by the Issuer, falling no more than one (1) month prior to the incurrence of the new Financial Indebtedness or the payment of the relevant Restricted Payment (as applicable) which requires the Issuer to meet the Incurrence Test.
- 11.3.2 The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the Restricted Payment or the new Financial Indebtedness (as applicable), provided such Financial Indebtedness is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).
- 11.3.3 The calculation of the Interest Coverage Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent Financial Report.

### **11.4 Adjustment to EBITDA**

The figures for EBITDA, Finance Charges and Net Finance Charges for the Relevant Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Incurrence Test, but adjusted so that:

- (a) entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period;
- (b) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Relevant Period; and
- (c) the *pro forma* calculation of EBITDA takes into account the net cost savings and other reasonable synergies, as the case may be, realisable for the Group within twelve (12) months from the acquisition as a result of acquisitions and/or disposals of entities referred to in (a) and (b) above, provided that (i) the aggregate of such adjustments to EBITDA in respect of certain extraordinary or exceptional items made pursuant to paragraph (c) in the definition of "EBITDA" do not exceed an aggregate maximum amount of ten (10.00) per cent. of EBITDA for the relevant period; and (ii) such net cost savings and other reasonable synergies, as the case may be, have been confirmed by a reputable accounting firm and the Issuer has provided evidence thereof to the Agent.

## 12 SPECIAL UNDERTAKINGS

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 12.

### 12.1 Distributions

The Issuer shall not, and shall procure that none of the Subsidiaries, (i) pay any dividend on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay principal or pay interest under any shareholder loans, (v) grant any loans except to Group Companies or (vi) make any other similar distribution or transfers of value (*Sw. värdeöverföringar*) to the Issuer's, or the Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (paragraphs (i) to (vi) above are together and individually referred to as 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 if such Restricted Payment is made to another Group Company and, if made by any of the Subsidiaries which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis; or
- (b) by the Issuer, provided that (i) the Incurrence Test (calculated on a *pro forma* basis including the relevant Restricted Payment) is met and (ii) 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 fifty (50.00) per cent. of the Group's consolidated net profit (*Sw. årets resultat*) according to the annual audited financial statements for the previous financial year.

## **12.2 Listing of shares and Bonds**

The Issuer shall ensure (i) that its shares continue being listed on Nasdaq Stockholm, (ii) that the Bonds issued under the Initial Bond Issue are listed on the corporate bond list of Nasdaq Stockholm no later than sixty (60) calendar days after the First Issue Date (with an intention to complete such listing within thirty (30) calendar days after the First Issue Date) or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within sixty (60) calendar days after the First Issue Date, (iii) that the Bonds, once admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), continue being listed thereon (however, taking into account the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds) and (iv) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) promptly, and not later than fifteen (15) Business Days after the relevant Issue Date, is increased accordingly.

## **12.3 Nature of business**

The Issuer shall procure that no substantial change is made to the general nature of the business as carried out by the Group on the First Issue Date.

## **12.4 Financial Indebtedness**

The Issuer shall not, and shall procure that none of the Subsidiaries will, incur any new Financial Indebtedness, or maintain or prolong any existing Financial Indebtedness, provided however that the Group Companies have a right to incur, maintain and prolong Financial Indebtedness which constitute Permitted Debt.

## **12.5 Negative pledge**

The Issuer shall not, and shall procure that none of the Subsidiaries will, create or allow to subsist, retain, provide, prolong or renew any guarantee or Security over any of its/their assets (present or future) to secure any Financial Indebtedness, provided however that the Group Companies have a right to create or allow to subsist, retain, provide, prolong and renew any Permitted Security.

## **12.6 Clean down period**

The Issuer shall procure that during each calendar year, there shall be a period of five (5) consecutive calendar days during which the amount outstanding under the Working Capital Facility shall be zero (0). Not less than three (3) months shall elapse between two (2) clean down periods.

## **12.7 Disposals of assets**

The Issuer shall not, and shall procure that no Material Group Company, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or any Material Group Company's assets or operations to any Person not being the

Issuer or any of the 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 it does not have a Material Adverse Effect. The Issuer shall notify the Agent of any such transaction and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).

#### **12.8 Maintenance Test**

The Issuer shall ensure that the Maintenance Test is met as long as any Bond is outstanding.

#### **12.9 Dealings with related parties**

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

#### **12.10 Compliance with laws etcetera**

The Issuer shall, and shall procure that the Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time, including but not limited to the rules and regulations of Nasdaq Stockholm (when applicable) or any other Regulated Market or unregulated market (when applicable) on which the Issuer's securities from time to time are listed, and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

#### **12.11 Financial reporting etcetera**

##### **12.11.1 The Issuer shall:**

- (a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer (in English), 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 and the quarterly interim unaudited reports of the Issuer (in English), 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;
- (c) issue a Compliance Certificate to the Agent (i) in connection with publishing a Financial Report, (ii) in connection with the incurrence of Financial Indebtedness (including through a Subsequent Bond Issue) or the payment of any Restricted

Payment, which requires that the Incurrence Test is met and (iii) at the Agent's request, within twenty (20) calendar days from such request;

- (d) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;
- (e) promptly notify the Agent (and, as regards a Change of Control Event, the Bondholders) upon becoming aware of (i) the occurrence of a Change of Control Event or (ii) that an Event of Default (or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any termination or a combination of any of the foregoing) constitute an Event of Default) has occurred, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice;
- (f) prepare the Financial Reports referred to under paragraphs (a) and (b) above 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, as applicable) (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*); and
- (g) provide any other information to the Agent required by the Swedish Securities Markets Act (*lag (2007:528) om värdepappersmarknaden*) (as amended from time to time) and the rules and regulations of Nasdaq Stockholm provided that such disclosure of information is not in violation of any applicable law.

12.11.2 The Issuer shall notify the Agent of any transaction referred to in Clause 12.7 (*Disposals of assets*) and shall, upon request by the Agent, provide the Agent with (i) any information relating to the transaction which the Agent deems necessary (acting reasonably) and (ii) a certificate from the Issuer which states whether the transaction is carried out at fair market value and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out at fair market value and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under paragraph (ii) above.

## **12.12 Agent Agreement**

12.12.1 The Issuer shall, in accordance with the Agent Agreement:

- (a) pay fees to the Agent;
- (b) indemnify the Agent for costs, losses and liabilities;
- (c) furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and

- (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agent Agreement.

12.12.2 The Issuer and the Agent shall not agree to amend any provisions of the Agent Agreement without the prior consent of the Bondholders if the amendment would be detrimental to the interests of the Bondholders.

### **12.13 CSD related undertakings**

The Issuer shall keep the Bonds affiliated with a CSD and comply with all CSD regulations applicable to the Issuer from time to time.

## **13 CONDITIONS PRECEDENT TO THE FIRST ISSUE DATE**

The Issuer shall provide to the Agent the following documents prior to the First Issue Date:

- (a) copies of constitutional documents of the Issuer;
- (b) copies of necessary corporate resolutions (including authorisations) of the Issuer; and
- (c) executed copies of the Finance Documents including a copy of the executed notice to the Escrow Bank under the Escrow Account Pledge Agreement.

## **14 CONDITIONS PRECEDENT FOR FIRST DISBURSEMENT**

14.1 The Agent's approval of the first disbursement of the Net Proceeds from the Initial Bond Issue from the Escrow Account is subject to the following documents being received by the Agent:

- (a) a copy of a duly signed unconditional and irrevocable call notice for the repayment of the Existing Bonds, such repayment to take place no later than upon the disbursement of the Refinancing Proceeds from the Escrow Account (however, with due regard to the payment mechanisms of the CSD); and
- (b) evidence, in the form of a duly signed unconditional and irrevocable payment instruction to be attached to the Agent's instruction to the Escrow Bank for release of Refinancing Proceeds, specifying that the Refinancing Proceeds to be released from the Escrow Account shall be used towards repayment of Existing Bonds in full.

14.2 When the Conditions Precedent for First Disbursement set out in Clause 14.1 above have been received by the Agent, the Agent shall instruct the Escrow Bank to release the Refinancing Proceeds to be applied towards repurchase of the Existing Bonds in full.

14.3 Notwithstanding Clauses 14.1 and 14.2, upon receiving a copy of a purchase order or similar document evidencing that the amount requested to be released from the Escrow Account shall be used in full towards repurchase of Existing Bonds, together with a confirmation that such repurchased Existing Bonds will either be retained until the final redemption date or cancelled, the Agent shall each time such evidence is received,

release the applicable amount from the Escrow Account to be used by the Issuer towards such repurchase.

## **15 CONDITION SUBSEQUENT**

- 15.1 The Issuer shall provide evidence to the Agent, showing that the Existing Bonds have been repaid in full or rolled-over into Bonds. Such evidence to be provided as soon as possible after the Conditions Precedent for First Disbursement have been fulfilled and the payments from the Escrow Account have been made.
- 15.2 The Agent shall, after the Condition Subsequent has been fulfilled, instruct the Escrow Bank to transfer any residual funds from the Escrow Account to a bank account specified by the Issuer, to be used for general corporate purposes and subsequently release the Security created pursuant to the Escrow Account Pledge Agreement.

## **16 TERMINATION OF THE BONDS**

- 16.1 The Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (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 16.6 or 16.7, 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) and exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:
- (a) **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 the due date;
  - (b) **Condition Subsequent:** The Issuer has not provided the Agent with evidence, in form and substance satisfactory to the Agent (acting reasonable), showing that the Condition Subsequent has been fulfilled not later than at the time set forth in Clause 15 (*Condition Subsequent*);
  - (c) **Other obligations:** The Issuer does not comply with the Finance Documents in any other way than as set out under paragraphs (a) and (b) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request);
  - (d) **Cross payment-default/Cross-acceleration:**

- (i) Any Financial Indebtedness of any Material Group Company is not paid when due nor within any originally applicable grace period or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default howsoever described under any document relating to Financial Indebtedness of any Material Group Company; or
- (ii) any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced;

provided however that the amount of Financial Indebtedness referred to under paragraph (i) and/or (ii) above, 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;

(e) **Insolvency:**

- (i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, 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; or
- (ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company;

(f) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to the Subsidiaries, solvent liquidations) in relation to:

- (i) the suspension of payments, winding-up, dissolution, administration or company 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;

(g) **Mergers and demergers:**

- (i) A decision is made that any Material Group Company shall be merged or demerged into a company which is not a Group Company, unless the

Agent has given its consent (not to be unreasonably withheld or delayed) in writing prior to the merger and/or demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors); or

- (ii) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;
  - (h) **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 thirty (30) calendar days;
  - (i) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable; or
  - (j) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business, except if due to (i) a permitted merger or demerger as stipulated in 16.1 (g) above or (ii) a permitted disposal as stipulated in Clause 12.7 (*Disposals of assets*).
- 16.2 Termination for payment prematurely on the grounds mentioned in Clause 16.1 (c) and (d) or, regarding any of the Subsidiaries, on the grounds mentioned in Clause 16.1 (e), (f), (g), (h) and (j) may only occur if the nature of the particular circumstance is such that it would have a Material Adverse Effect and that the cause of termination is continuing at the time of the Agent's declaration. However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 16.1 (e) above.
- 16.3 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.
- 16.4 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 16.1 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 16.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 16.1 and provide the Agent with all documents that may be of significance for the application of this Clause 16.
- 16.5 The Issuer is only obliged to inform the Agent according to Clause 16.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with Nasdaq Stockholm (or any other Regulated Market, as applicable). 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 16.4.

- 16.6 If the Agent has been notified by the Issuer or has otherwise determined that there is an Event of Default under these Terms and Conditions according to Clause 16.1, the Agent shall (i) notify, within five (5) Business Days of the day of notification or determination, the Bondholders of the Event of Default and (ii) decide, within twenty (20) Business Days of the day of notification or determination, 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 (or an event that may lead to an Event of Default).
- 16.7 If the Bondholders have made a decision regarding termination in accordance with Clause 18 (*Decisions by Bondholders*) or instructed the Agent in accordance with Clause 16.1, 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.
- 16.8 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 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 16.1 or Clause 18 (*Decisions by Bondholders*).
- 16.10 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 one hundred and five (105.00) per cent. of the Nominal Amount or, if the Bonds are accelerated on or after the First Call Date, at the applicable Call Option Amount for the relevant period (in each case plus accrued but unpaid interest).

## 17 DISTRIBUTION OF PROCEEDS

- 17.1 If the Bonds have been declared due and payable in accordance with Clause 16 (*Termination of the Bonds*), all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (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 to the Agent relating to the termination of the Bonds or the protection of the Bondholders' rights under the Finance Documents, (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 the Finance Documents.
- Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with paragraphs (a) to (d) above shall, however, not restrict a Bondholders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.
- 17.2 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.
- 17.3 Funds that the Agent receives (directly or indirectly) in connection with the termination of the Bonds and/or enforcement of the Security created under the Escrow Account Pledge Agreement 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 Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 17 as soon as reasonably practicable.
- 17.4 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 8.1 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 ten (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 (i) 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 (ii) the suggested decision is not in accordance with applicable laws.
- 18.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 7 (*Right to act on behalf of a Bondholder*) from a Person who is, registered as a Bondholder:
- (a) on the Business Day specified in the notice pursuant to Clause 20.3, 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.
- 18.5 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 12 (*Special undertakings*);
  - (b) a mandatory exchange of Bonds for other securities;
  - (c) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;

- (d) amend any payment day for principal or Interest or waive any breach of a payment undertaking, or
  - (e) amend the provisions in this Clause 18.5 or Clause 18.6.
- 18.6 Any matter not covered by Clause 18.5 shall require the consent of Bondholders representing more than fifty (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 Document that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clause 21.1 (a), (b) or (c), a termination of the Bonds or the enforcement of the Security created under the Escrow Account Pledge Agreement.
- 18.7 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (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.
- 18.8 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 18.7 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 18.9 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.
- 18.10 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.
- 18.11 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 these Terms and Conditions, 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.
- 18.12 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.

- 18.13 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.
- 18.14 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.
- 18.15 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 (i) time for the meeting, (ii) place for the meeting, (iii) 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 notice pursuant to Clause 19.1), (iv) agenda for the meeting (including each request for a decision by the Bondholders) and (v) 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 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 notice 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 (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) 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), (iv) 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 (v) 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 total Adjusted Nominal Amount pursuant to Clause 18.5 and 18.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 18.5 or 18.6, 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 (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (a) 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) 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 listing the Bonds on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Bondholders; or
  - (d) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 18 (*Decisions by Bondholders*).
- 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 Terms and Conditions are available on the website of the Agent and the Issuer shall ensure that such amendments to the Terms and Conditions are available on the website of the Issuer. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD.
- 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**

### **22.1 Appointment of Agent**

- 22.1.1 By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent and security agent in all matters relating to the Bonds and the Finance Documents, and authorises the 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. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 22.1.2 Each Bondholder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- 22.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 22.1.4 The 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 obligations as agent and security agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 22.1.5 The 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**

- 22.2.1 The Agent shall represent the Bondholders in accordance with the Finance Documents. However, the Agent is not responsible for the execution, validity, perfection 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. The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours. The Agent may charge the requesting Bondholder a reasonable administrative fee for making Finance Documents available.
- 22.2.2 Upon request by a Bondholder, the Agent may distribute to the Bondholders any information from such Bondholder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Bondholder reimburses any costs or

expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent may upon request by a Bondholder disclose the identity of any other Bondholder who has consented to the Agent in doing so.

- 22.2.3 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 22.2.4 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- 22.2.5 The 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.
- 22.2.6 The Agent shall, subject to Clause 27.2.2, 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.
- 22.2.7 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents, (iii) when the Agent is to make a determination under the Finance Documents or (iv) as otherwise agreed between the Issuer and the Agent. 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*).
- 22.2.8 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.
- 22.2.9 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not 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.
- 22.2.10 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer,

the Agent 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.

- 22.2.11 The Agent shall give a notice to the Bondholders (i) 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 under the Finance Documents, or (ii) if it refrains from acting for any reason described in Clause 22.2.10.
- 22.2.12 Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.

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

- 22.3.1 The Agent will not 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. The Agent shall never be responsible for indirect loss.
- 22.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts addressed to the Agent or if the Agent has acted with reasonable care in a situation when the 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 The Agent shall not 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 the Agent to the Bondholders, provided that the 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 the Agent for that purpose.
- 22.3.4 The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clauses 16.1 (*Termination of the Bonds*) and 19 (*Decisions by Bondholders*).
- 22.3.5 Any liability towards the Issuer which is incurred by the 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 may assume that the documentation and evidence delivered to it under Clauses 13 (*Conditions Precedent to the First Issue Date*) 14 (*Conditions Precedent for First Disbursement*) 15 (*Condition Subsequent*) are 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. The Agent does not review the documents and evidence referred to above from a legal or commercial perspective of the Bondholders.

## **22.4 Replacement of the Agent**

- 22.4.1 Subject to Clause 22.4.6, the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 22.4.2 Subject to Clause 22.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent 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 ten (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 appointing a new Agent. 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 be dismissed and a new Agent appointed.
- 22.4.4 If the Bondholders have not appointed a successor Agent within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent 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 shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- 22.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 22.4.7 Upon the appointment of a successor, the retiring 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. 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.
- 22.4.8 In the event that there is a change of the Agent in accordance with this Clause 22.4, the Issuer shall execute such documents and take such actions as the new Agent may

reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **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 the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable). 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 NO DIRECT ACTIONS BY BONDHOLDERS**

- 25.1 A Bondholder may not take any steps whatsoever against the Issuer or a Subsidiary 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 a Subsidiary in relation to any of the liabilities of the Issuer or a Subsidiary under the Finance Documents. Such steps may only be taken by the Agent.
- 25.2 Clause 25.1 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 the Agent Agreement or by any reason described in Clause 22.2.10, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 22.2.11 before a Bondholder may take any action referred to in Clause 25.1.

- 25.3 The provisions of Clause 25.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 10.5 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## **26 TIME-BAR**

- 26.1 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.

- 26.2 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.

## **27 NOTICES AND PRESS RELEASES**

### **27.1 Notices**

- 27.1.1 Any notice or other communication to be made under or in connection with the Terms and Conditions:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch or to such address notified by the Agent to the Issuer from time to time, if sent by email by the Issuer, to such email address as notified by the Agent 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 such address as notified by the Issuer to the Agent from time to time, or if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
  - (c) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (if

practicable possible) or letter for all Bondholders, provided that the same means of communication shall be used for all Bondholders. A notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.

- 27.1.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the 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 27.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 27.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 27.1.1.
- 27.1.3 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.

## **27.2 Press releases**

- 27.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clause 10.3, 10.4, 10.5, 10.6, 12.11.1 (e), 16.6, 17.4, 18.15, 19.1, 20.1, 21.3, 22.2.11 and 22.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.
- 27.2.2 In addition to Clause 27.2.1, 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.

## **28 FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 28.1 Neither the Agent nor 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 or the Issuing Agent itself takes such measures, or is subject to such measures.
- 28.2 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.
- 28.3 Should a Force Majeure Event arise which prevents the 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.

28.4 The provisions in this Clause 28 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

## **29 GOVERNING LAW AND JURISDICTION**

29.1 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.

29.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 29.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

29.3 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.

\* \* \*

## Addresses

### Company and Issuer

Orexo AB (publ)  
 P.O Box 303  
 Rapskatan 7e  
 SE-751 05 Uppsala  
 Sweden  
 Tel: +46 (0)18-780 88 00  
 Web page: [www.orexo.se](http://www.orexo.se)

### Central Securities Depository

Euroclear Sweden AB  
 Klarabergsviadukten 63  
 P.O. Box 191  
 SE-101 23 Stockholm  
 Sweden  
 Tel: +46 (0)8-402 90 00  
 Web page: [www.euroclear.com](http://www.euroclear.com)

### Issuing Agent and Sole Bookrunner

Pareto Securities AB  
 P.O Box 7415  
 Berzelii Park 9  
 SE-103 91 Stockholm  
 Sweden  
 Tel: +46 (0)8-402 50 00  
 Web page: [www.paretosec.com](http://www.paretosec.com)

### Agent

Nordic Trustee & Agency AB (publ)  
 P.O. Box 7329  
 SE-103 90 Stockholm  
 Sweden  
 Tel: +46 (0)8-783 79 00  
 Web page: [www.nordictrustee.com](http://www.nordictrustee.com)

### Auditor

Ernst & Young Aktiefbolag  
 Stationsgatan 12  
 P.O. Box 1448  
 SE-751 44 Uppsala  
 Sweden  
 Tel: +46 (0)18 19 42 00  
 Web page: [www.ey.com](http://www.ey.com)

### Issuer's Legal Advisor

Advokatfirman Vinge KB  
 P.O Box 4255  
 Östergatan 30  
 SE-203 13 Malmö  
 Sweden  
 Tel +46 (0)10-614 55 00  
 Web page: [www.vinge.se](http://www.vinge.se)

### Manager's Legal Advisor

Gernandt & Danielsson Advokatbyrå KB  
 P.O. Box 5747  
 SE-114 87 Stockholm  
 Sweden  
 Tel +46 (0)8-670 66 00  
 Web page: [www.gda.se](http://www.gda.se)